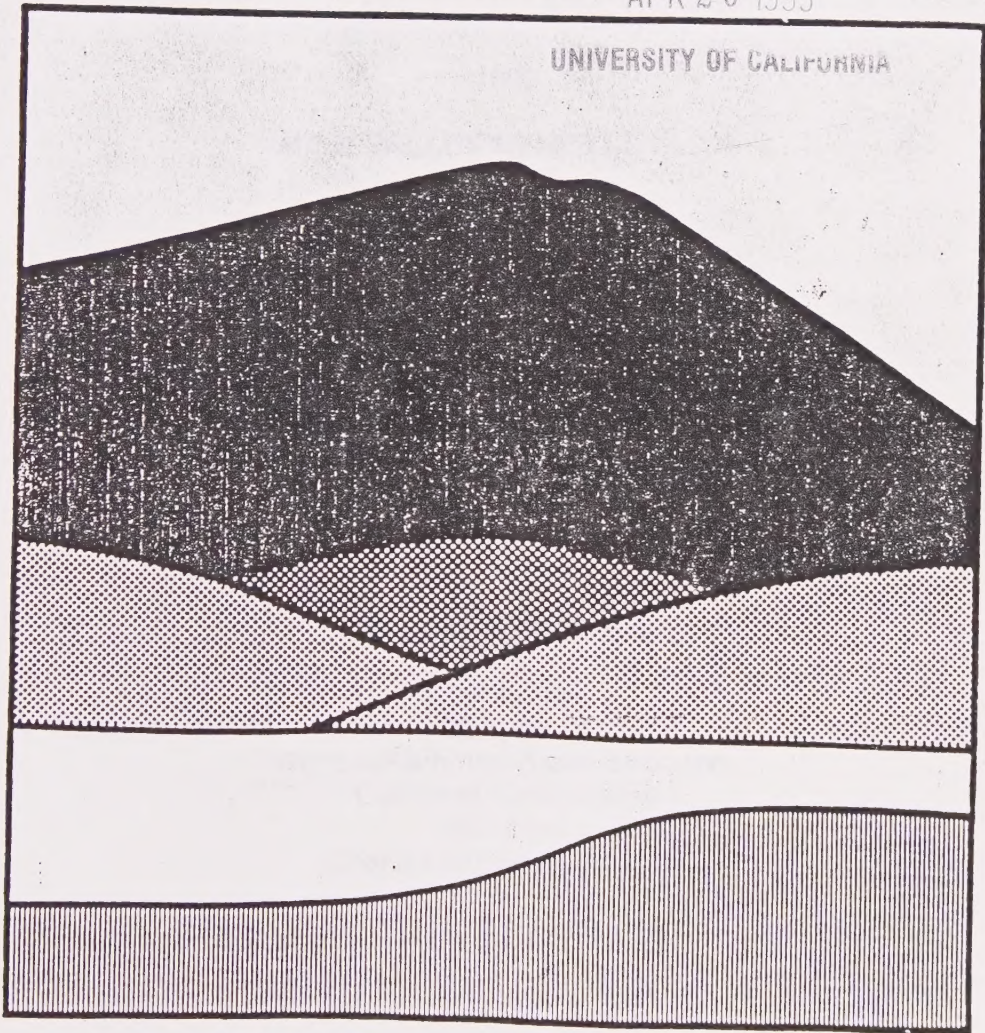



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MILL VALLEY GENERAL PLAN



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1990

MILL VALLEY GENERAL PLAN

Prepared by:

Mill Valley General Plan Steering Committee
and the
Mill Valley Department of Planning and Building

With assistance from:

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INCLUDES THE FOLLOWING REVISIONS:

<u>Number</u>	<u>Resolution</u>	<u>Date</u>	<u>Description</u>
1	90-39	8/6/90	Various Amendments to Housing Element
2	92-39	11/16/92	Addition to Program C-4-1

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December 18, 1989

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THE UNIVERSITY OF CHICAGO

IN THE DEPARTMENT OF
ECONOMICS
AND
STATISTICS

BY
J. H. B. JENSEN

PH.D. DISSERTATION

Submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy
in the Department of Economics
and Statistics

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DIRECTORY OF CONTENTS

SECTION 1 - BACKGROUND AND INTRODUCTION

	<u>Page</u>
1.1 INTRODUCTION	
1.1.1 Plan Goals	1-1
1.1.2 Major Issues	1-2
1.2 BACKGROUND	
1.2.1 Study Area	1-6
1.2.2 Planning Documents	1-6
1.2.3 Organization of the Planning Process	1-6
1.3 STATE LAW REQUIREMENTS FOR GENERAL PLANS	1-7
1.4 ORGANIZATION OF THIS GENERAL PLAN	1-8

SECTION 2 - LAND USE

2.1 PURPOSE	2-1
2.2 OVERVIEW OF THE PLANNING AREA	2-1
2.3 RESIDENTIAL DEVELOPMENT	
2.3.1 Existing Conditions and Projections	2-2
2.3.2 Residential Design Guidelines	2-5
(Policy R-1)	
2.3.3 Residential Building Intensity	2-9
(Policies R-2 through R-3)	
2.3.4 Large Undeveloped Residential Properties	2-15
(Policies R-4 through R-21)	
2.3.5 Residential Buildout Potential	2-33
(Policy R-22)	
2.4 COMMERCIAL AREAS	
2.4.1 Existing Conditions and Projections	2-36
2.4.2 Intent, Policies and Implementation Programs	2-42
(Policies C-1 through C-9)	
2.4.3 Commercial Building Intensity and Buildout Potential	2-57
(Policy C-10)	
2.5 RECREATION AND CULTURAL FACILITIES	
2.5.1 Existing Conditions and Projections	2-60
2.5.2 Intent, Policies and Implementation Programs	2-61
(Policies RC-1 through RC-4)	

2.6	PUBLIC SERVICES AND FACILITIES	
2.6.1	Existing Conditions and Projections	2-63
2.6.2	Intent, Policies and Implementation Programs	2-70
	(Policies PS-1 through PS-3)	
2.7	SPHERES OF INFLUENCE AND LAFCO POLICIES	
2.7.1	Existing Conditions and Projections	2-71
2.7.2	Intent, Policies and Implementation Programs	2-74
	(Policies SI-1 through SI-2)	
2.8	OPEN SPACE	
2.8.1	Existing Conditions	2-75
2.8.2	Intent, Policies and Implementation Programs	2-81
	(Policies OS-1 through OS-6)	
2.9	HISTORIC RESOURCES	
2.9.1	Existing Conditions	2-86
2.9.2	Intent, Policies and Implementation Programs	2-87
	(Policy HR-1)	

SECTION 3 - HOUSING

3.1	PURPOSE	3-1
3.2	EXISTING CONDITIONS	
3.2.1	Profile of Mill Valley Housing and Population	3-2
3.2.2	Status of Existing Programs	3-7
3.2.3	Housing Constraints	3-22
3.3	EXISTING AND FUTURE HOUSING NEEDS	
3.3.1	Future Growth	3-29
3.3.2	Declining Household Size	3-31
3.3.3	Ability to Pay for Housing	3-31
3.3.4	Rehabilitation Housing Needs	3-34
3.3.5	Female-Head of Households	3-35
3.3.6	Handicapped Housing	3-35
3.3.7	Housing for Large Families	3-36
3.3.8	Elderly Housing	3-36
3.3.9	Housing for the Homeless	3-36
3.10.	Potential Expiration of Subsidies	3-38
3.11	ABAG Housing Need Determinations	3-38
3.4	HOUSING GOAL AND OBJECTIVES	
3.4.1	Housing Goal	3-41
3.4.2	Housing Objectives	3-41
3.5	HOUSING POLICIES AND IMPLEMENTATION PROGRAMS	3-45
	(Policies H-1 through H-21)	
3.6	SEVEN YEAR ACTION PLAN	3-55

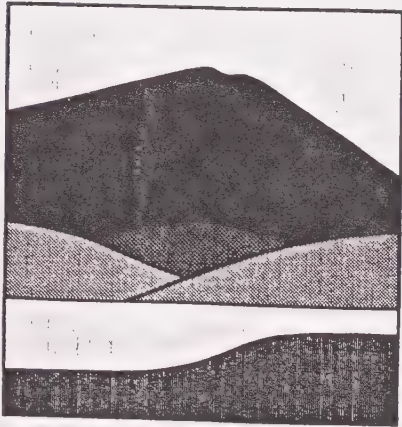
SECTION 4 -TRANSPORTATION

4.1	PURPOSE	4-1
4.2	OVERVIEW OF TRANSPORTATION ISSUES	4-1
4.3	EXISTING CONDITIONS	
4.3.1	Roadway Network	4-2
4.3.2	Parking	4-8
4.3.3	Transit	4-10
4.3.4	Bikeways and Urban Trails	4-12
4.3.5	Truck Routes	4-12
4.4	FUTURE CONDITIONS	
4.4.1	Roadway Network and Service Capacity	4-12
4.4.2	Parking	4-24
4.4.3	Transit	4-25
4.4.4	Bikeways and Urban Trails	4-25
4.4.5	Truck Routes	4-26
4.5	SUMMARY	4-26
4.6	INTENT, POLICIES AND IMPLEMENTATION PROGRAMS	4-27
	(Policies T-1 through T-13)	

SECTION 5 - PUBLIC HEALTH AND SAFETY

5.1	PURPOSE	5-1
5.2	GEOTECHNICAL AND FLOOD HAZARDS	
5.2.1	Existing Conditions	5-1
5.2.2	Intent, Policies and Implementation Programs	5-7
	(Policy PH-1)	
5.3	FIRE HAZARD	
5.3.1	Existing Conditions	5-10
5.3.2	Intent, Policies and Implementation Programs	5-12
	(Policy PH-2)	
5.4	NOISE CONDITIONS	
5.4.1	Existing Conditions and Projections	5-13
5.4.2	Intent, Policies and Implementation Programs	5-19
	(Policy PH-3)	
5.5	AIR QUALITY	
5.5.1	Existing Conditions and Projections	5-23
5.5.2	Intent, Policies and Implementation Programs	5-26
	(Policy PH-4)	

HOUSING



3. Housing

3.1 PURPOSE

This Housing section constitutes the mandatory Housing Element and provides a statement of Mill Valley's housing goals, objectives, policies and programs. It sets forth a framework to guide decision-making on housing issues and establishes an action plan to address the City's housing problems and needs. The housing goal described in the 1984 Housing Element remains essentially the same, that is: to preserve the City's character while providing for balanced residential growth, including a greater share of affordable housing than would be provided by market forces. This Housing Element contains revised policies and programs which respond to the current housing needs within the community.

Section 65583 of the California Government Code specifies that among the mandatory elements which must be included in a general plan is a Housing Element consisting of:

"An identification and analysis of existing and projected housing needs and a statement of goals, policies, qualified objectives, and scheduled programs for the preservation, improvement and development of housing. The Housing Element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes, and shall make adequate provision for the housing needs of all economic segments of the community..."

Many housing needs can only be addressed on a comprehensive basis in concert with other concerns; infill development or mixed use incentives, for example, should consider land use, traffic, parking, design and other concerns as well. Making the major amendments to the Housing Element when the rest of the General Plan was being updated, resulted in a comprehensive policy document which is an internally consistent statement about the City's future. Additional amendments to the Housing Element were made in August 1990 in response to the comments on the Draft Housing Element contained in the October 30, 1989 letter from the California Department of Housing and Community Development.

Because preparation of the Housing Element was done in concert with the major update of the entire General Plan, community participation in the process is described in the "Introduction" to the General Plan on page 1-6. Extensive outreach was provided to all economic segments of the community through a series of newsletters mailed to all residents and additional notices to non-profit housing groups and local and regional agencies. State law requires housing elements to analyze the special housing needs of farmworkers, however, since there are no farmworkers residing in Mill Valley, this analysis is not part of the Housing Element.

3.2 EXISTING CONDITIONS

This part of the Housing Element provides a review of existing conditions and trends. As contrasted to Sections 3.4, HOUSING GOALS AND OBJECTIVES, and 3.5, HOUSING POLICIES AND PROGRAMS, which presents the City's policy direction, this section deals with the more detailed, technical aspects of defining the community's housing problems. Additional data on housing, population and other City characteristics is contained in the Appendices.

3.2.1 Profile of Mill Valley Housing and Population

Mill Valley and Marin County as a whole offer one of the more attractive residential environments in the Bay Area due to the natural beauty, desirable living environment and proximity to San Francisco. Many of the housing problems that exist today, such as low vacancy rates, escalating housing prices and rents, and the overall demand for housing and pressure for growth, are a result of these attractive qualities.

Mill Valley's housing conditions are reflective of many area-wide and even nation-wide trends. These trends will have far-reaching impacts on housing needs in the City. People are living longer, having fewer children and living in smaller households. There are more divorces, more single-parent households (especially those with a single mother) and more single-person households than ever before. In addition, housing costs have skyrocketed out of proportion to many people's ability to pay; and interest rates, construction costs and high land costs all increase the ultimate cost of housing.

There are limitations as to what the City can do about these problems due to the limited availability of developable land. At the anticipated rate of development, the City may be at 97% of total build-out by 1995. With the exception of some infill and mixed use sites, most other available residential sites are limited to small or steep sites with limitations due to access problems, soil stability, drainage, parking, etc.

The City of Mill Valley is part of the market area that makes up Marin County as a whole. Existing trends and future conditions countywide will affect housing prices and affordability in Mill Valley. The County has historically had the most expensive housing of all Bay Area Counties. In 1980, the median home price and the median rent in Marin were significantly higher than the Bay Area median home price and median rent. In fact, Marin's home prices were 20 percent higher and rents were 10 percent higher than San Mateo County in 1980, which had the second highest home prices and rents in the Bay Area. By 1988, according to a report from the Bay Area Council, median rents in Marin were second only to San Francisco which at \$898, had the highest median rents in the region. The median Marin County rent of \$795 in 1988 was still considerably above the Bay Area median of \$730.

Between 1970 and 1988, the population in Mill Valley increased by only 3.4 percent, from 12,942 to 13,389. During that same period the number of housing units in the City increased by 29 percent, from 4,784 in 1970 to 6,172 in 1988. The average household size declined from 2.8 persons per household in 1970 to 2.3 persons per household in 1985 and 2.17 persons per household in 1988. Mill Valley's decline in part reflects the high percentage of multiple family units constructed during the past 15 years as well as a general lifestyle trend towards smaller households. As a proportion of Mill Valley's

Planning Area, which also includes Almonte, Homestead Valley, Tamalpais Valley, and West Alto, the City comprised about 57 percent of the area's total population in 1980 (12,967 of the 22,688 total).

Mill Valley's 1980 population make-up included slightly fewer children and more elderly than the county as a whole. It is interesting to note that in the decade between 1970 and 1980, the number of children 18 years of age and under in the City decreased almost 27 percent, while the number of elderly over 65 years of age increased almost 23 percent. Countywide, the number of children decreased 23 percent and the number of elderly increased 29 percent. The median age in the City increased from 33.1 years of age in 1970 to 35.5 in 1980.

TABLE 3.1
1980 AGE DISTRIBUTION IN MILL VALLEY
AND MARIN COUNTY

<u>Population</u>	<u>Mill Valley</u>	<u>Marin County</u>
Under 15	16.3%	17.4%
15-18	6.0%	6.4%
19-34	26.8%	29.0%
35-54	28.7%	27.4%
55-64	9.2%	9.9%
65+	13.0%	9.7%

Source: 1980 U. S. Census

The gap between Mill Valley and Bay Area household incomes has continued to widen. In 1980, median household incomes in Mill Valley were 20 percent higher than the Bay Area as a whole and about the same as the county as a whole. Mill Valley's median household income was \$24,770 in 1980, compared to \$24,569 for Marin County and \$20,607 for the Bay Area. By 1985, the mean household income in Mill Valley was \$52,700 which was 8% above the County mean income of \$48,800 and 34% above the \$39,200 mean income for the Bay Area. In 1980, about 31 percent of the City's households would have been considered "low income", earning less than 80 percent of the Bay Area median income. The next table presents the 1980 income distribution for Mill Valley and Marin County households:

TABLE 3.2
1980 HOUSEHOLD INCOME IN MILL VALLEY
AND MARIN COUNTY

<u>Household Income</u>	<u>Mill Valley</u>	<u>Marin County</u>
Less than \$ 5,000	6.9%	6.9%
\$ 5,000 - \$ 9,999	9.7%	9.5%
\$10,000 - \$14,999	11.3%	11.6%
\$15,000 - \$24,999	22.5%	22.8%
\$25,000 - \$49,999	31.0%	34.3%
\$50,000 or more	18.5%	14.8%

Source: 1980 U. S. Census

TABLE 3.3
COMPARISON OF 1985 HOUSEHOLD INCOME FOR
SELECTED MARIN CITIES AND THE BAY AREA

<u>City</u>	<u>Mean Income</u>
Tiburon	\$61,700
Larkspur	\$54,000
Mill Valley	\$52,700
Sausalito	\$52,100
Novato	\$46,100
San Rafael	\$45,800
San Anselmo	\$43,400
Fairfax	\$37,500
Marin County Total	\$48,800
Bay Area	\$39,200

Source: Projections 87, A.B.A.G., 1987.

The following chart total shows the breakdown of households by income category in 1980:

TABLE 3.4
1980 INCOME CATEGORIES
OF MILL VALLEY HOUSEHOLDS

<u>Very Low Income</u> (less than 50% of median):	17%
<u>Low Income</u> (50 - 80% of median):	14%
<u>Moderate Income</u> (80 - 120% of median):	18%
<u>Above Moderate</u> (120% or more of median):	51%

Source: Housing Needs Determinations, A.B.A.G, 1988.

The occupations held by Mill Valley's working residents are consistent with high income households. In 1980, just under 50 percent of employed Mill Valley residents held professional, technical or managerial positions. Countywide, this figure was 40 percent. Conversely, less than 10 percent of the City's employed residents were factory operators, laborers, mechanics or repairmen.

There is evidence that housing turnover within the City has been quite high. In the 1970's, an annual average of 11.6 percent of Mill Valley's single-family homes, townhouses and condominiums were sold each year, by far the highest turnover rate in Marin. Although many of the same units may have been repeatedly sold over this period, this percentage appears too high to ignore the possibility of significant population shifts out of and into Mill Valley. In recent years, on the other hand, the turnover of rental units has been quite low. On average in 1980, Mill Valley renters and homeowners had lived at their present address longer than the countywide average. The following table summarizes the length of time Mill Valley homeowners and renters had lived in their units as of 1980:

TABLE 3.5
NUMBER OF YEARS IN UNIT AS OF 1980

Households Owning Their Homes

<u>Number</u>		<u>Percent</u>
305	Less than 2 years	8.8
691	2 - 5 years	20.1
690	6 - 10 years	20.2
1,750	11 years or more	50.9
<u>3,436</u>		<u>100%</u>

Households Renting Their Units

<u>Number</u>		<u>Percent</u>
775	Less than 2 years	37.7
820	2 - 5 years	39.9
308	6 - 10 years	15.0
154	11 years or more	7.4
<u>2,057</u>		<u>100%</u>

Source: 1980 U. S. Census

At the time of the 1980 census, Mill Valley's ethnic composition was 94.9 percent White, 1.0 percent Black, 2.8 percent Asian and Pacific Islanders, and 1.2 percent other groups. This breakdown was nearly identical with that reported in the 1970 Census, with very small increases in the number of Black and Asian residents, the only notable change.

The number of housing units in Mill Valley increased from 4,784 in 1970 to 6,172 in 1988. Between 1970 and 1988, the ratio of multi-family structures to single-family structures shifted toward multi-family. This change is largely the result of the construction of several large multi-family projects, the conversion of some single-family units to multi-family uses and, in a very few instances, the razing of single-family dwellings to make way for other residential and non-residential uses. However, as shown below, even with this new multi-family development, there still is a slightly higher proportion of single-family dwellings in Mill Valley compared to the County as a whole.

TABLE 3.6
1970-1988 MILL VALLEY AND MARIN COUNTY
HOUSING STRUCTURE TYPES

	<u>1970</u>		<u>1988</u>	
	<u>Mill Valley</u>	<u>Marin County</u>	<u>Mill Valley</u>	<u>Marin County</u>
Single-family	81.5%	72.4%	69%	66.9%
Multi-family	18.5%	27.6%	31%	33.1%

Source: 1970 U. S. Census; State Department of Finance (1988)

Most of the units built in Mill Valley between 1970 and 1980 were either very large (6 or more rooms) or small (3 or less rooms). Very large units comprised 51 percent of the

units added and small units comprised 31 percent of the units added. Mill Valley's median unit size increased from 5.2 to 5.3 rooms per unit between 1970 and 1980. The 1980 County median was 5.2 rooms per unit. Compared to the County in 1980, Mill Valley had a slightly higher proportion of units with two or less bedrooms, as shown below:

TABLE 3.7
BEDROOMS PER UNIT - 1980

<u>Number of Bedrooms</u>	<u>Mill Valley</u>	<u>Marin County</u>
None and 1	20.2%	17.7%
2	32.7%	30.9%
3 or more	47.0%	51.4%

Source: 1980 U. S. Census

Owner-occupants comprise the largest proportion of Mill Valley's residents. In 1980, Mill Valley's owner-occupancy percentage was 63 percent of all occupied units. For the County as a whole it was 60 percent. Between 1970 and 1980, the number of occupied units in Mill Valley increased by 838 units. Over this ten-year period, the number of owner-occupied units increased by 258 and the number of renter-occupied units increased by 580. In total, in 1980, there were 3,435 owner-occupied units and 2,058 renter-occupied units. Almost 20 percent of the occupied single-family homes were rented in 1980, compared to 18 percent in 1970. The conversion of apartment units to condominiums slightly reduced the supply of rental housing. A total of 119 apartment units were converted to condominiums between 1970 and 1977. No new condominium conversions have occurred since 1977.

The vacancy rate is an important factor in determining the condition of the housing market. A vacancy rate of 5 percent is generally considered "healthy." Mill Valley has always been a desirable place to live, and has historically had a low vacancy rate. In 1970 the vacancy rate was 2.8 percent. In 1980 it was 2.5 percent, which was also the 1984 vacancy rate for Mill Valley estimated by the State Department of Finance. The 1988 State Department of Finance Vacancy Rate Estimate for Mill Valley was 2.71%. Estimated 1988 vacancy rates for selected Marin cities are shown as follows:

TABLE 3.8
COMPARISON OF 1988 VACANCY RATES
FOR SELECTED MARIN CITIES

<u>City</u>	<u>Percent Vacant</u>
San Rafael	1.10%
Novato	1.83%
Larkspur	1.86%
San Anselmo	2.41%
Mill Valley	2.71%
Sausalito	2.96%
Tiburon	4.31%
Fairfax	4.57%
Marin County Total	3.18%

Source: State Department of Finance (1988)

When there is a low vacancy rate, housing tends to become overcrowded. However, in Mill Valley in 1980, less than 2 percent of the units were considered overcrowded (more than 1.0 persons per room). About three-fourths of the overcrowded units (there were 69 altogether) were renter-occupied.

Mill Valley is one of the oldest communities in Marin and consequently has a high percentage of older housing. The table below shows the age of the City's housing stock:

TABLE 3.9
1980 AGE OF HOUSING STOCK
IN MILL VALLEY

<u>Years</u>	<u>Number of Units</u>	<u>Percent</u>
Under 10	968	17.2%
10-20	977	17.3%
21-30	1,296	23.0%
31-40	843	15.0%
Over 40	<u>1,552</u>	<u>27.5%</u>
Total	5,636	100%

Source: 1980 U. S. Census

3.2.2 Status of Existing Programs

The purpose of this section is to describe the status of existing development programs which the City of Mill Valley has implemented to provide more lower priced housing. Mill Valley has utilized a large number of techniques to create and preserve affordable housing, including a strong inclusionary policy and a wide range of subsidized housing production and household assistance programs. The City's record of achievement is one of the best in Marin County. In addition, Mill Valley is the most populous of the communities in southern Marin and has designated a large proportion of its land for residential use. The programs discussed below should be viewed in light of the current housing market, limited remaining undeveloped land, and the decreasing availability of state and federal funding programs.

Effectiveness of the 1984 Housing Element

The City has been quite successful in implementing the 1984 Housing Element. As shown below, of the 413 units built between 1984-1988, it is estimated that 25% (or 103 units) have been affordable to low- and moderate-income households, indicating even greater City commitment to affordable housing.

TABLE 3.10
LOW AND MODERATE INCOME UNITS
BUILT BETWEEN 1984 & 1988

Program	Very Low Income	Low Income	Moderate Income	Total Low and Moderate Income
Pickleweed Project	10	10	12	32
New Second Units	0	9	10	19
Legalized Second Units	0	10	15	25
Inclusionary Units	0	0	17	17
Multi-Family Infill	0	0	10	10
Total	10	29	64	103
Source: City of Mill Valley Planning and Building Department, 1990.				

The new Housing Element maintains, and indeed increasingly emphasizes, other steps to achieve low- and moderate-income housing, through such programs as in-lieu housing fees for projects as small as two units. Further, the notable achievement of the City's 32-unit Pickleweed low and moderate income family rental housing project is planned to be duplicated in the near future in another City-sponsored affordable housing project.

The recent update of the City's General Plan, which was identified as a program in the 1984 Housing Element, provides a clear policy framework to implement Housing Element programs in the future. The programs in the 1984 Housing Element have been evaluated based on an analysis of past program performance, construction trends, and future program funding availability. As shown below, the analysis provides a basis for program modifications and new 1988-1995 program targets. It should be noted when reviewing this table that the 1984 Housing Element target and actual performance numbers are for the July 1984 to January 1988 time period. These dates have been used for two reasons: (1) to maintain consistency with the other elements of the recently adopted General Plan; and (2) to provide a consistent starting point for the new program targets consistent with the 1988-1995 ABAG Housing Need Determinations. Since the targets in the 1984 Element were for the 1984-1990 time period, they have been pro-rated, where appropriate, to 1988 (3.5 years divided by 5.5 years or 64%).

Program	Number	1984 Housing Element		1988-1995 Target	Comments
		1984-1988 Target	1984-1988 Actual		
New Construction	H-1-1	317	412	175	The City surpassed its 1984-1988 target. Between 1984-1988, an average of 103 units per year were added. Because of limited land remaining for development and the MMWD moratorium, the Housing Element assumes an average of 25 units per year between 1988-1995.
Inclusionary Housing	H-2-1	13	25	31	17 moderate income inclusionary units were built between 1984-1988, with in-lieu fees being paid for the other 8. 1 new moderate income inclusionary unit is anticipated between 1988-1995, with the remaining 30 units in a City-sponsored low/moderate income project assisted with in-lieu fees.
Manufactured Housing	H-4-1	1	0	1	No proposals for manufactured housing have been received to date and, because of high land values in Mill Valley, few are expected in the future.
Other Government Programs	H-5-1	13	32	15	The City's Pickleweed project provides 32 low/moderate income units. Future projects could be funded through CDBG, Marin Community Foundation or HUD Section 202 loans.
New City Project	H-6-1	32	32	30	Development of a project similar to Pickleweed (see Program H-5-1).
Low-Income Rental Project	H-6-2	6	0	5	Assumes the availability of funding and project sponsor interest. Project may be difficult due to high land values.
Rebate for Marin Renters	H-9-2	20/Year	16/Year	15/Year	9 households have been assisted/year, with funding available to assist 7 others. Target assumes continued funding by the Marin Community Foundation for this program.

Program Description	Number	1984 Housing Element		1988-1995 Target	Evaluation of Program Effectiveness
		1984-1988 Target	1984-1988 Actual		
Section 8 Rental Assistance	H-9-3	25/Year	31/Year	30/Year	Exceeded program target. Funding expected at the same level between 1988-1995.
Project Independence	H-9-4	3/Year	1/Year	2/Year	Less than program target. 37 units are funded Countywide.
HUD Voucher Program	H-9-5	n/a	7/Year	5/Year	New program started since adoption of the 1984 Housing Element.
Rental Acquisition	H-10-1	n/a	0	5	Lack of project sponsor interest. Assumes unit feasibility and funding.
Rehabilitation Loans	H-11-1	16	13	20	Slightly under program target. Mill Valley has been receiving about 12% of loans.
Presale Inspections	H-11-2	775	1016	1750	Above target. New target assumes recent inspection trends will continue.
Multi-Family Infill Housing	H-13-1	n/a	29	15	No target was established in the 1984 Housing Element. The City has encouraged small-scale multi-family infill development. The new target is based on past trends.
New Second Units	H-19-1	28	29	35	Met 1984 Housing Element target. New target assumes 5 new second units per year, which is slightly lower than the past 3 years.
Legalized Second Units	H-19-1	n/a	35	100	No target was established for legalizing existing second units. The new target is 15 units per year, based on an active violation noticing and upgrading program.
Multi-Family Mixed Use Units	H-20-1	19	6	5	Fewer vertical mixed use units than expected, although units were developed as multi-family infill described in H-13-1.
Energy Conservation Improvements	H-11-3	16	25	25	Program target exceeded, however, future funding will be at lower levels.

General Development Trends

A summary of development trends within the community is as follows:

1. Development Between 1970 and 1984:

A total of 1,017 housing units were added to the housing stock between 1970 and 1984; an average of about 85 units per year. The units added included 228 single-family units (22%) and 789 multiple-family units (78%). Between 1970 and 1980 there were 258 owner-occupied units added (31%) and 580 renter-occupied units added (69%). There were 4,784 units in Mill Valley in 1970; 5,653 in 1980; and 5,759 in 1984.

2. Development Between 1984 and 1988:

Approximately 413 additional units were added to the housing stock between 1984 and 1988, an average of about 103 units per year. This construction increased the total number of housing units as of January 1, 1988 to approximately 6,172. The new construction included:

Corinthian Villas (Sunrise Pointe) (66 multiple-family units)

Scott Valley Meadows (39 single-family units)

Eucalyptus Knoll (79 multiple-family units)

Mill Creek Meadows (60 multiple-family units)

Old Mill Creek (6 multiple-family units)

Pickleweed (32 B.M.R. multiple-family units)

Portsmouth Square (26 multiple-family units)

105 additional infill single-family, second unit, and multiple-family units

3. Additional Units to Ultimate Build-out:

The projections for ultimate build-out contained in the Land Use section would add up to 390 additional units to the City's housing stock. The type and geographical distribution of these new units are indicated on Table 2.1 in the Land Use section.

4. Units at Total Build-out:

Under the build-out projections contained in the Land Use section, the total number of housing units within the City is estimated to increase to 6,562 units which represents an approximate 6% increase over the existing number of units within the community.

The unincorporated portion of the Mill Valley Planning Area, which includes Almonte, Homestead Valley, Tamalpais Valley and Alto, comprised about 43 percent of the area's housing units in 1980 (4,236 units). According to the Tamalpais Planning Area Community Plan, there is an estimated development potential build-out of roughly 984 additional units in the unincorporated portion of the Planning Area. When combined with the City's development capacity, the entire Planning Area has a build-out potential of 1,374 units. This is significantly more housing than required to meet the ABAG Regional Housing Need Determinations, which are discussed in Section 3.3.

The Planning Area also has the capacity to provide sufficient multi-family housing to meet the ABAG Housing Need Determinations for low and moderate income housing, although it is assumed, based on the analysis of sales and rental data, that all market rate projects in Mill Valley, other than a small percentage of the second units, will not be affordable to low or moderate income households regardless of density. For example, the Blithedale Court condominium project currently under construction is approximately 15 units per acre, with unit sizes ranging from 1,270 to 1,370 sq.ft., and the units are expected to sell for approximately \$400,000 (about \$300/square foot). The table below shows the breakdown of dwelling unit capacity within the entire Planning Area. It is based on the residential buildout potential analysis included in the Land Use and Circulation Element.

**TABLE 3.12
RESIDENTIAL DEVELOPMENT CAPACITY**

Area	Multi-Family	Single Family	Total
Mill Valley	123	267	390
Unincorporated Area	92	892	984
Total	215	1,159	1,374
Source: Mill Valley General Plan, 1989			

The ratio of 31.5% multi-family and 68.5% single family units through buildout for the City portion of the Planning area is consistent with the 1988 ratio and is considerably higher than the 1970 ratio for the City. Relatively high density multi-family housing is allowed in the Zoning Ordinance. For example, the 10-unit Camino Alto Developmentally Disabled project was built at 29 units per acre and the 32-unit Pickleweed low and moderate income family rental housing project was built at 16 units per acre.

In general, all services except water are adequate to serve existing and planned growth in Mill Valley with normal upgrading as development occurs. Water availability, as discussed in the Land Use Element, is impacted by the current ban on new water hookups imposed by the Marin Municipal Water District (MMWD). The total additional water needed in the City of Mill Valley through ultimate buildout is less than 100 acre feet because the proposed City-sponsored 30-unit BMR project qualifies for the "public service" set aside described below. As of November 1, 1989, 215 new units of the total 390 unit development potential in the City of Mill Valley, are affected by the water moratorium and may have to wait up to five years before water is available. This number is shown in Table 2.7 of the Land Use Element.

The City has sufficient sites with adequate facilities and services to meet the ABAG Housing Needs since the number of units with approved water connections (175 units) is above the ABAG Housing Need target for the 1988-95 time period (149 units). Further, water would also be available to low and moderate income projects at any site under MMWD's set aside for affordable housing projects. Thus, the City has adequate sites available with public facilities and services to meet the projected needs of all economic segments of the community if sufficient subsidies are available to construct low and moderate income projects. The ABAG 1988-1995 need for low and moderate income housing is 68 units. The City-sponsored project and the Camino Alto Developmentally Disabled project comprise 40 low and moderate income units, or 59% of the total low and moderate income housing need. Nevertheless, the eventual effects of a long-term moratorium on new water connections will likely show up in even greater appreciation in the prices for existing homes and increased pressure to tear down existing homes to use the lot (and the water meter) to build new homes.

MMWD is an independent special district governed by an independently elected Board of Directors. Existing water conservation measures which MMWD has implemented include:

- o A tiered rate structure to discourage high water usage;
- o Requirements for low flow water fixtures in new homes;
- o Landscape standards which limit turf areas to minor percentage of institutional, industrial, commercial and multi-family residential projects, including condominiums; and
- o Requirements for automatic irrigation controls and low volume irrigation systems for all landscape areas.

Until new sources of supply are developed, new development projects on the MMWD waiting list cannot be supplied. Although in the first 10 months in which the waiting list was established, approximately 50 applicants on the list received hook-ups. While housing unit construction is expected to be delayed in the short-term because of the moratorium on new hook-ups, opportunities exist at the present time to allow affordable housing projects under the District's set aside of 100 acre feet for public service uses. To date, a 28-unit project in Larkspur utilizing 8.25 acre feet has been granted a hook-up. To qualify for a portion of the Water District's "Public Service" set-aside a housing project must be:

- o Eligible for Community Development Block (CDBG) assistance.
- o Developed by a government or non-profit agency.

- o Comprised entirely of units which are:
 1. In the case of rental projects for low and moderate residents whose incomes do not exceed 100% of the area median income; and
 2. In the case of homeownership projects, for low and moderate income residents; and
 3. Legally restricted to retain affordability for at least 30 years.
- o Reserving at least 50% of the units for persons or households defined as lower income.
- o One which has a commitment of public or Foundation funding.

Policy PS-2 and Programs PS-2-1 and PS-2-2 in the Land Use Element address the water situation by calling for coordination with MMWD to assure adequate water supply, meeting with MMWD on a periodic basis and continuing to require water conservation measures in all new building and landscaping. By way of example, City of Mill Valley staff were instrumental in developing MMWD's "Public Service" set-aside and exception for affordable housing projects. At the present time, the proposed 30-unit Cit-sponsored project is eligible to receive water connections under MMWD's policy.

Inclusionary Housing

Mill Valley's 1975 Housing Element required that new housing developments should make available 20 percent of the units at prices or rents affordable to low income households and 35 percent of new units at prices affordable to moderate income households as a matter of policy. These inclusionary standards were to be applied only when adequate government subsidies were available.

The City adopted the above requirement in 1975 when cost and financing considerations were not impacting the economics of affordable housing production as severely as at present. Soon after the adoption of this policy, a local moratorium on water hookups served to postpone most proposed projects. By the time development was again free to proceed (in 1978), changes in the economics of housing production had made the original policy unrealistic.

The 1981 Housing Element updated the 1975 policy to make it more economically realistic. The new policy required projects over 10 units to provide 10 percent moderate income units (if the project was less than 7 units per acre) or 15 percent moderate income units (if the project was over 7 units per acre). The new policy also included provisions for density bonuses and "in-lieu" fees. This inclusionary policy was implemented through City adoption of an amendment to the Zoning Ordinance in 1985. The following chart shows the affordable units required through 1988:

TABLE 3.13
INCLUSIONARY UNITS IN MILL VALLEY
(Moderate Income Condominiums)

<u>Project</u>	<u>No. Units</u>	<u>Subsidy Source</u>
Ashford Court	8	Internal Subsidy
Eucalyptus Knoll	11	Internal Subsidy
Corinthian Villas (Sunrise Pointe)	6	Internal Subsidy
Brabo (Portsmith Square)	4 [*]	Project Sponsor
Scott Valley Meadows	4 ^{**}	Project Sponsor
	<hr/>	
Total Inclusionary Units Actually Sold:	25	

* The City accepted in-lieu fee after no moderate income households wished to purchase the small units.

** The City accepted a \$450,000 in-lieu fee which was used for the Pickleweed below market rate family rental project.

Between 1975 and 1988, the City required a total of 33 moderate income inclusionary units. Twenty-five units were actually sold to moderate income households and in-lieu housing fees were paid for the remaining 8 units. In 1988, the City inclusionary ordinance was revised to apply to any residential project of two or more lots or parcels and to emphasize the collection of in-lieu fees. The City intends to use the in-lieu fees to provide part of the subsidy required for a planned, City-sponsored, 30-unit BMR family rental housing project on a school site or sites.

Subsidized Rental Housing Developments

Four publicly owned and/or publicly subsidized projects located within the City of Mill Valley currently provide 191 low- and moderate-income rental units. Subsidy mechanisms include below market rate permanent financing and operating subsidies for Shelter Hill (HUD Section 236) and 260 Camino Alto (HUD Section 8) and tax-exempt Certificate of Participation financing for Pickleweed. The City still has an additional 136 units authorized under the Article 34 referendum after developing the 32 low and moderate income rental units at Pickleweed. The following chart also shows the subsidized rental units available in 1988 through the rental assistance programs discussed in the next section:

TABLE 3.14
SUBSIDIZED RENTAL UNITS IN MILL VALLEY - 1988

<u>Project</u>	<u>Units</u>	<u>Subsidy Program</u>
Shelter Hill (family)	75	HUD Section 236
The Redwoods (elderly)	60	HUD Section 101 Rent Supplement and Section 231 Mortgage Insurance
EAH 260 Camino Alto (handicapped)	24	HUD Section 202/8
Pickleweed (family)	32	(CDBG (San Francisco Foundation (In-lieu fees
Total Units:	191	
<u>Non-Project</u>		
	31	HUD Section 8
	9*	Rebate for Marin Renters
	1	Project Independence
	7	HUD Voucher Program
Total Units:	48*	

* With money available to assist approximately 7 more households.

Pickleweed Apartments

The City's Pickleweed low and moderate income family rental development is located across Miller Avenue from Tam High School. The project includes 8 one-bedroom, 15 two-bedroom, and 8 three-bedroom units and was completed in early August 1986. The Pickleweed site was first designated for affordable housing back in 1978 as part of a larger 92-unit planned development. However, the developer of that project was unable to secure financing for the 32-unit below-market rate portion of the condominium project. As a result, the site for the below-market units remained vacant for many years while various parties attempted to assemble a financial package.

In 1984, using approximately \$225,000 in Community Development Block Grant funds and part of the \$450,000 paid by a local developer in lieu of including four below market housing units in the Scott Valley Meadows project, the City purchased the Pickleweed site. After detailed analysis of various financing and development options for the property, the City decided to contract with BRIDGE Housing Corporation, a non-profit housing development agency, to serve as a co-developer and project manager.

Working closely together, the City and BRIDGE oversaw the redesign of the project, such that it retained the basic concept while improving the appearance of the earlier plans, yet was much less expensive to construct. This redesign effort resulted in a cost reduction of over \$500,000 below the estimates for the prior plans.

The next step in the process was to assemble a workable financial package for the development. The City designated the remainder of the in-lieu fees from the Scott Valley Meadows project to Pickleweed. In addition, the San Francisco Foundation granted approximately \$540,000 of Buck Trust funds to the project. BRIDGE and the

City then worked with a local bank to obtain the additional financing needed to complete the project. With a revised design and financing package in hand, a general contractor was hired and construction of the apartments began in early 1986.

As the project neared completion, over two hundred completed rental applications were received from prospective residents. From this list, the tenants for the 32 units were selected. Top priority was given to City and Mill Valley School District employees, followed by people who currently reside or work in Mill Valley. These priorities for selection were the same as used for other affordable housing projects.

Base rents for the units were initially set at \$495 for a one-bedroom, \$595 for a two-bedroom, and \$750 for a three-bedroom. However, most of the tenants actually paid less than these base amounts as they received some form of additional rental assistance from one of three sources. Some of the tenants have Section 8 certificates. In addition, the Rebate for Marin Renters program also assists several of Pickleweed's residents. Finally, the project also has a small rental assistance fund which provided additional rental reductions for a few of the units.

The long-term affordability of the project is ensured by the City's ownership of the land, which is leased to BRIDGE. The lease requires that the rent levels on all units remain affordable. Eventually, the City hopes to assume ownership of the improvements.

The City and BRIDGE's efforts have resulted in a unique and successful affordable housing development which was recognized with a Pacific Coast Builders 1987 Gold Nugget Merit Award and the Urban Land Institute's 1988 Award for Excellence as the "Best Small Scale Residential Development". The project should provide a model for the next project of this kind which the City hopes to build on a vacant school site.

TABLE 3.15
DESCRIPTION OF PICKLEWEED RESIDENTS IN 1988

Couples with children:	6
Couples without children:	3
Singles without children:	4
Seniors:	2
Single mothers with children:	15
Single fathers with children:	2
	<u>32</u> units
 Total number of children:	 34
Handicapped in wheelchairs:	2
Other disabled:	3
Income levels:	

60% "Low Income" (less than 80% median)

40% lower half of "Moderate Income" (80% to 100% median)

Rental Assistance Programs

Several programs are used in Mill Valley to reduce the rents low-income households have to pay. In The Redwoods, 60 low-income elderly residents are receiving financial assistance through HUD's seldom used Section 101 Rent Supplement program.

Distributed throughout the City in 1988 were 31 very low-income households which received benefits through the HUD Section 8 Existing Housing program. This program, administered by the Housing Authority, provides a cash payment to landlords who rent to qualified low-income families, with the tenants paying up to 30 percent of their income on rent. In 1988, there were also 7 Mill Valley households receiving assistance through the HUD voucher program.

In addition, the Housing Authority administers a rental assistance program called Project Independence, which is a state funded after-care program analogous to Section 8. Renters must be referred by a participating agency. In 1988, there were 37 units funded countywide, with 1 unit located in Mill Valley.

Between 1981 and 1988, the City committed \$49,500 to the Rebate for Marin Renters (RMR) program from the City General Fund. The local funds were originally matched by San Francisco Foundation funds and now Marin Foundation funds two for one. Additional non-matching funds, brought the total amount available for Mill Valley to over \$150,000. In 1988, 9 families were being assisted and money was available to assist 7 more, with the average annual assistance under the program being \$1,500 per family. Of the nine households being assisted, 2 were elderly, 2 were disabled, 4 were families and 1 was in shared housing.

The RMR and Section 8 programs have been very successful in providing housing for lower income residents, or those earning less than 80 percent of median income. In fact, the programs complement each other very effectively. The RMR program provides a subsidy to renters for one-year at a time based on the difference between 25 percent of their income and the rent they pay, up to the maximum rents established for the program. The maximum rents are 20 percent higher than the "fair market rent" established for the Section 8 program. Thus, lower income households are provided a subsidy while they wait for available Section 8 assistance or an increase in their earnings. The program has been particularly successful in meeting housing needs of single-parents.

Condominium Conversion Controls

Mill Valley passed an ordinance in April of 1977 which set strict standards governing condominium conversions. In addition to establishing construction standards for condominiums, the ordinance required that conversions must meet the inclusionary goals of the Housing Element, and that the City must find that the conversion does not affect the provision of rental housing in the community.

The City adopted revisions to the condominium conversion ordinance in 1982 to require 15 percent of all units in projects of ten or more units to be sold or rented at prices affordable to low-income households and 10 percent for moderate income households. In addition, low-income elderly or handicapped tenants must be awarded lifetime leases.

The City has approved only two condominium conversions. One of these condominium conversions was the 107-unit Shelter Bay Condominiums, originally built in the County as apartments. The second project was an eight-unit development on Catalpa, originally built as apartments meeting condominium standards. No applications for condominium conversions have been received by the City since 1977.

Second Units

The City adopted an ordinance establishing procedures for legalizing existing second units and permitting development of new second units in May, 1983. In Mill Valley, second units probably constitute a larger portion of the total housing stock than in any other Marin city and Mill Valley is one of the few jurisdictions in the County which has attempted to realistically address the issue of legalizing existing second units. In 1988, there were approximately 400 second units in Mill Valley. This represents approximately 6.4% of the total housing stock. Through the end of 1988, 35 new second units (an average of 6.4 units per year) were approved through the Conditional Use Permit (CUP) process and 41 existing units (an average of 7.5 units per year) were legalized. In addition, the City has identified 71 legal non-conforming units which have existed and have been rented continuously since 1950 and 249 apparent second units which were illegally constructed or converted. The following tables indicate the status of second units in 1988 and the number approved each year since the second unit ordinance was adopted in May, 1983.

TABLE 3.16
STATUS OF SECOND UNITS - 1988

	<u>Number of Units</u>	<u>Average Per Year</u>
New (C.U.P.)	35 units	6.4 units
Legalized (C.U.P.)	41 units	7.5 units
Legal Nonconforming	71 units	
Illegal	<u>248</u> units	
Total	395 units	

TABLE 3.17
APPROVED SECOND UNITS
(Conditional Use Permits)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>Total</u>
New:	6	10	6	10	1	2	35
Legalized:	<u>6</u>	<u>20</u>	<u>7</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>41</u>
Total:	12	30	13	12	3	6	76 units

Mixed Use Areas

The City has encouraged mixed use development in appropriate areas along major thoroughfares as a means of providing housing diversity and providing opportunities for residential growth. There are two types of residential-commercial areas. The first is commercial areas where residential uses are conditionally permitted, and the second is residential areas within which office or commercial uses are conditionally permitted.

Along Lower Miller Avenue from a point just west of Willow Street to Lytton Square, the recent City policy has been that residential use should continue to be the dominant use with the approval of new office buildings or the conversion of existing residential buildings to office use severely limited. In this area, residential densities are limited to one unit for each 3,500 square feet of site area and a maximum site coverage including enclosed or covered parking, equal to 50 percent of the site area.

Within the Lytton Square/Town Center area and the commercial areas along East Blithedale, multiple residential uses have been encouraged. Within all commercial areas, the allowable number of residential units is currently governed by the City parking standards and other zoning provisions of the respective commercial areas.

Support for Multi-Family Infill Development

The City has encouraged small-scale multi-family infill development adjacent to the downtown where the new development minimizes impacts on and is compatible with the existing neighborhoods in order to provide a housing alternative to the single-family residential designation of most of the rest of the City. Typical "in-fill" projects adjacent to the downtown include: (1) 72 Lovell (4 condominium units); (2) 30 Buena Vista (3 rentals); (3) 263 Miller (4 condominium units); (4) 267 Miller Avenue (2 condominium units); (5) 201-205 Miller (2 condominium units); (6) 65 Lovell Avenue (4 condominium units), (7) 250 Miller Avenue (4 condominium units), and (8) 42 Miller (6 condominium units).

Rehabilitation Loan Programs

The Marin County Housing Authority administers the Rehabilitation Loan Subsidy Program. Community Development Block Grant funds for rehabilitation loans have decreased significantly. The amount available for countywide use was \$491,600 in 1980-81; \$454,700 in 1981-82; \$284,000 in 1982-83; and \$296,000 in 1983-84. This represents a 40 percent decrease over the four-year period. Through November, 1983, a total of 171 loans were funded countywide for a total loan amount of \$2,140,056. There have been 13 loans funded in Mill Valley for a total loan amount of \$160,850 (an average of \$12,370 per loan). This represents about 12 percent of the total loans made countywide, which is a high proportion.

The Housing Authority also administers the Section 8 Moderate Rehabilitation Program, which provides a rehabilitation subsidy to owners of rental units. Through September, 1983 there were 30 units rehabilitated countywide under the program, with none of those units located in Mill Valley.

Presale Inspections

The City inspects all residential units that are sold. The inspections mainly cover health and safety concerns. However, they also provide a good source of information about the condition of the housing stock and the turnover rate. It should be noted that some of these inspections can be for the same unit if it has been resold during this time period. The number of inspections conducted each year between 1981 and 1987 is as follows:

**TABLE 3.18
PRESALE INSPECTIONS**

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Number of Inspections:	172	131	214	231	267	341	243
Percent of Housing Stock	3%	2.2%	3.7%	4.0%	4.5%	5.6%	3.9%

Manufactured Housing

As required by State law, the City adopted an amendment to the Zoning Ordinance in 1982 to allow the installation of manufactured housing on permanent foundations subject to the same zoning regulations which apply to site built housing. To date, there have been no proposals received by the City for manufactured housing and, because of current land costs, few, if any, are likely.

Energy Conservation

Affordable energy is an essential component of affordable housing. Houses built after 1975 use about half as much energy as homes built before then because of California energy conservation standards. More recent standards are even more strict. Minimizing energy used for space and water heating as well as air conditioning can significantly increase the affordability of housing. Water heating is second only to space heating in total energy usage. According to PG&E, energy use can range anywhere from \$75 to \$200 per month in homes heated by electricity.

In November, 1982, the City adopted as part of its subdivision ordinance the requirement for deed restrictions to assure, to the extent feasible, solar access in new subdivisions. The City also encourages the use of solar energy for water heating, as well as passive solar design, by permitting variances from development regulations on a case-by-case basis when necessary or to alter regulations which consistently interfere with the use of solar energy conservation measures or other renewable energy sources.

For new housing, State conservation standards, implemented as part of the Building Code, substantially reduce the cost of energy for homeowners. Since much of Mill Valley is already developed, there is also opportunity for energy savings in existing housing. Most residential structures can be retrofitted with conservation measures that provide nearly the energy savings achieved in recent new construction. Many can also be retrofitted with passive design measures, such as the addition of a solarium or south-facing windows in conjunction with a heat storage mass.

There are several local programs which have provided assistance to low and moderate income households in retrofitting their homes. These include the Community Action Marin-Energy "Home Weatherization" project and PG&E's Home Weatherization Audit. Community Action Marin-Energy, which merged with Marin Citizens for Energy Planning, weatherized 683 low income household units County-wide in 1989, with an estimated 25 units located in Mill Valley. Similar numbers of units were weatherized in 1988. The weatherization program offers free attic insulation, weatherstripping and caulking, water heater blankets and low flow shower heads for low income households.

PG&E partially funds this program through a contract with Community Action Marin-Energy and also offers a program which analyzes how homes can be made more energy efficient. Future funding of the program is expected to be about one-third less than current funding levels, which will reduce the number of homes being weatherized. A significant focus of the program has been on projects operated by the Marin County Housing Authority (MCHA), with 28 units weatherized in MCHA's Homestead Terrace project in 1989.

The PG&E "walk-through audit" provides a comprehensive assessment of energy conservation needs and costs related to home appliances, structural design and insulation capabilities. The Energy Crisis Intervention Program, funded by the State Department of Economic Opportunity, is designed to help low income residents pay delinquent energy bills to avoid interruption of service. In addition, the City's Residential Second Unit Ordinance encourages energy efficient building design in second units.

3.2.3. Housing Constraints

Environmental constraints, economic conditions, limitations on utility connections, and government policies all affect housing affordability. This section analyzes available lands and market and regulatory constraints to assess how their impact effects the amount, cost and type of housing that may be built in Mill Valley.

MARKET CONSTRAINTS

Land Availability

The largest remaining undeveloped areas within the City are located in the Alto Hill area in the northeastern corner of the City, the Shelter Ridge area above the Public Safety Building and the Kite Hill area at the intersection of East Blithedale and Camino Alto. Although the North Ridge area and areas above Cascade Canyon contain significant, undeveloped acreage, geotechnical, access, environmental and public safety (fire protection) considerations make them appropriate only for very low density development. As a result, there are only limited opportunities remaining in Mill Valley to develop new housing. Table 2.1 in the Land Use section indicates the type and locational distribution of potential new residential development.

Cost of Land

High land costs will continue to be a critical factor limiting the development of affordable housing in Mill Valley. The full cost of land includes the raw land purchase price, land financing costs and subdivision approval costs.

Total developable lot costs vary in relation to locational amenities and allowable lot sizes. Although substantial portions of Mill Valley are zoned RS-6, which allows the development of single family homes on lots as small as 6,000 square feet, these areas are almost entirely built out. Most large, undeveloped parcels suitable for single family development can only be developed at much lower densities because of severe environmental constraints.

Land costs per square foot increase as allowable densities increase. However, the increase in land costs is rarely proportional to the greater permitted density. For this reason land costs per unit tend to be lower for multi-family residential construction than for single family homes. Land costs, as a percentage of development costs, have risen considerably in the past few years. In part this trend is a product of the fact that land prices reflect housing demand more directly than any other cost component. Concurrent increases in interest rates, development fees, and average approval periods have increased land holding costs as well.

Construction Costs

The costs of constructing wood frame housing have risen significantly in recent years. The typical cost to build an "average" wood frame single family detached home were about \$90 per square foot in 1988. However, total construction costs can be considerably higher for a luxury home. Construction costs, excluding land, site costs and developer profits may range between \$75,000 for a modest 1,000 square foot unit to over \$600,000 for a 4,000 square foot luxury home.

An additional factor in Marin has been the perception of high profit in residential development, which has resulted in higher labor and subcontracting costs in the County. Moreover, these higher costs are difficult to reduce to accommodate less profitable types of development such as low and moderate income housing. A report from the Marin Property Owners Association indicated that labor costs are 10 to 15 percent lower in Sonoma County. While labor union contracts are the same in the two counties, the lower cost results from the fact that there is flat buildable land in Sonoma County so workers can get the job done faster.

Financing

Interest rates have also played a critical role in making housing unaffordable. High land and construction financing costs have made the housing development business inherently more risky. Developers in turn need to realize high financial returns to justify the risks. Higher required profits as well as costs push up eventual sales prices.

Second mortgages to finance home maintenance and improvements are more costly than first mortgages. Such financing costs make rehabilitation loans infeasible for less affluent property owners. Therefore, rehabilitation must be funded with savings, deferred or through government subsidy.

Market Demand

Average home prices are one measure of market demand. As indicated previously, home prices in Marin are considerably above those for the Bay Area and Mill Valley prices are above the Marin County average. The attached table compares the \$412,855 average sales price of the homes sold in Mill Valley in October, 1988, with the average in other Marin cities. During this month, the Mill Valley average sales price was 30% higher than the 1988 Marin County average of \$318,088 and 225% higher than the 1978 Mill Valley average of \$127,935.

TABLE 3.19
COMPARISON OF HOME SALES FOR VARIOUS
MARIN CITIES - OCTOBER 1988

<u>City</u>	<u># of Sales</u>	<u>Single-Family</u>		<u>Condominiums</u>	
		<u>Average Price</u>	<u>% of Marin Average</u>	<u># of Sales</u>	<u>Average Price</u>
Belvedere	1	\$760,000	239%	0	\$ 0
Tiburon	9	558,133	175%	3	237,427
Ross	7	505,470	159%	0	0
Sausalito	6	464,000	146%	11	231,364
Mill Valley	11	412,855	130%	14	194,064
Larkspur	8	358,438	113%	6	140,833
Unincorporated	99	347,696	109%	11	194,191
Corte Madera	17	301,765	98%	8	195,112
San Rafael	58	287,969	91%	30	158,404
San Anselmo	24	270,831	85%	2	159,312
Fairfax	8	222,625	70%	1	145,000
Novato	54	222,464	70%	5	130,236
Marin Total	302	\$318,088	100%	121	\$167,687

Source: Marin County Assessor-Recorder

GOVERNMENT CONSTRAINTS

Land Use Controls

Zoning and land use designations in Mill Valley are largely determined by the City's goals that:

- o The health and well being of people and physical safety of property should be assured.
- o The natural environment should be protected and should visually dominate the character of Mill Valley.
- o New development should be compatible with Mill Valley's small-town character.

To implement these goals, Mill Valley has zoned major portions of its undeveloped hillside areas at very low densities. The City has also zoned certain areas in the hillsides as permanent open space after public acquisition or as a result of dedication from private interests. Community design objectives, as they relate to undeveloped hillside areas, often coincide with environmental constraints to development identified in other sections of the General Plan. Large scale development of the City's remaining undeveloped parcels would strain the traffic capacity of Mill Valley's arterials: East Blithedale, Camino Alto, and Miller Avenue.

The Blithedale Ridge and areas above Warner Canyon (190 acres) are now in open space as part of the Rider property purchase. In addition, portions of Cascade and Fern Canyons may be developable at low densities, but are also recommended for acquisition for open space in the Land Use section.

The City has adopted an objective of protecting its existing residential neighborhoods. With the exception of areas in eastern the portion of Mill Valley, the City has generally developed into single-family residential neighborhoods, a pattern reinforced by schools, parks and streets with extremely limited traffic capacity. These residential neighborhoods provide a lifestyle and housing stock which are among Mill Valley's major assets. Policies have therefore been adopted which guarantee that new development in established neighborhoods will be compatible with existing neighborhood character; and development adjacent to established neighborhoods will not generate significant levels of traffic through these neighborhoods.

Development Standards

Mill Valley has traditionally encouraged high architectural standards for new development. Current City zoning regulations require Design Review approval for any proposed new single-family homes as well as any additions to or new multi-family developments. Most of the remaining developable sites have significant design or environmental constraints, which require extensive review and analysis by the City. All City building requirements are consistent with the Uniform Building Code, except the City requires sprinklers in all homes due to the extreme fire danger in the City. The City's recently updated General Plan has established infrastructure capacity which requires no major drainage improvements or traffic mitigation fees to be paid by developers. This is especially significant for affordable housing projects.

In addition, the City is in the process of implementing standards to establish significant limitations on the maximum size of new homes and additions to conserve smaller, more affordable housing and community character. This is being implemented through new residential floor area ratio and increased setback and reduced height standards. The table below compares Mill Valley's standards with those of other jurisdictions in Marin County.

TABLE 3.20
COMPARISON OF DEVELOPMENT STANDARDS

Jurisdiction	Zone	Name	Lot Size			Cov	Setbacks			Height	
			Area	Width	Depth		Front	Rear	Side	Limit	Parking
Mill Valley	RS-6	Single Family	6,000	60'	None	40%	15'	6'	6'	25'/35'	2/unit
Ross	R-1	Single Family	5,000	50'	100'	20%	25'	40'	15'	30'	2/unit
Marin County	R-1:B-1	Single Family	6,000	50'	None	30%	25'	25'	5'	35'	3/lot
San Rafael	R-1	Single Family	5,000	50'	None	40%	15'	10'	5'	30'	2/unit
Novato	R-1:B-1	Single Family	6,000	50'	75'	40%	25'	10'	6'	30'	2/unit
Fairfax	RD 5.57	Residential (1-2 u)	5,500	60'	None	None	6'*	6'*	5'*	35'	2/unit
*Special variations depending on circumstances											
Source: Zoning Ordinances of Jurisdictions, 1990											

Costs of the Local Permit Process

Costs associated with the permit process may act as a constraint to the development of affordable housing. Line item permit costs are related to processing inspection and installation services. They are limited by California law to the cost to the various agencies of performing these services. Total fees in 1984 ranged between \$4,688 and \$5,677 per unit. In 1988, the total fees for a now typical 3,000 sq. ft. single-family home and 1,000 sq. ft. condominium ranged between approximately \$17,500 and \$19,500 per unit including school impact fees of \$1.53 per square foot, sewer connection fees of \$5,000, and water connection fees of \$3,500.

As shown below, Mill Valley's fees are comparable to the fees charged by other jurisdictions in Marin County.

TABLE 3.21
COMPARISON OF FEES

Jurisdiction	Variance	Use Permit	Zoning Amend	5-Lot Tentative	Subdivision Final Map	Lot Line Adjustment	Initial Study	Appeals
Mill Valley	\$425	\$425	\$850	\$975	\$0	\$225	\$225	\$50
Ross	\$300	\$300	\$300	\$500	\$400	\$300	\$100	\$50
Marin County	\$945	\$1,200	\$3,065	\$3,370	\$1,000	\$1,200	\$500	\$200
San Rafael	\$350	\$350	\$625	\$1,550	\$750	\$175	\$225	\$75
Belvedere	\$150	\$150	\$250	\$500	\$0	\$150	\$140	\$75
Tiburon	\$200	\$500	\$750	\$1,000	\$500	\$250	\$50+	\$250
Larkspur	\$200	\$200	\$250	\$300	\$250	\$100	\$100	\$0
Sausalito	\$300	\$400	\$55/hr	\$700	\$100	\$200	\$300	\$100
*Fees are generalized to provide comparison (fees can vary depending on the size of the project, other approvals needed, other department review, etc.)								
Source: Fee Schedules of Jurisdictions, 1990								

Permit costs can vary substantially from site to site depending on site conditions, location and the type and design of development. Much of the remaining developable land is subject to moderate to severe public health and safety constraints, such as steep slopes, underlying bay muds, drainage problems and fire risk. Detailed soils reports, engineering and design studies and associated permits will be required. Many of the remaining developable parcels in Mill Valley are smaller in-fill sites within developed areas which are only suitable for single family residential units. Because many of these sites were originally subdivided into lot sizes that are inconsistent with current zoning regulations, variances may be required.

Permit fee and cost estimates for two now typical types of residential development: a typical single family home (3,000 square feet) and an infill condominium (one of four 1,000 square foot units) are as follows:

TABLE 3.22

ESTIMATED PERMIT COSTS - 1988

<u>Mill Valley Permit Costs</u>	<u>Single Family</u> ((\$255,000 to construct)	<u>Condominium</u> ((\$75,000 to construct)
Building Permit	\$1,182.50	527.50
Plan Check Fees	769.00	343.00
Microfilm Fee (min)	5.00	5.00
Planning & Development Tax	525.00(3 BR)	375.00(2 BR)
Fire Dept. Plan Check	25.00	25.00
Drainage Fees	80-680.00	80-680.00
Master Plan	-----	240.00
Design Review	650.00	200.00
Negative Declaration	250.00	67.50
Tentative Map	-----	125.00
In-Lieu Housing Fee	-----	1,136.00
In-Lieu Park Fee	-----	4,714.25*
Subtotal:	\$3,486.50 - \$4,086.50	\$7,837.75 - \$8,437.75
<u>Other Fees and Costs</u>		
State Conservation Tax	17.85	4.85
Sewer Connection	5,000.00	5,000.00
Water Installation	1,000.00	1,000.00
Connection Fee to MMWD	3,500.00	3,500.00
School Impact Fee (at \$1.53 sq. ft.)	4,590.00	1,530.00
Subtotal:	\$14,107.85	\$11,045.00
Total Fees & Costs	\$17,594.35-\$18,194.50	\$18,882.75 - \$19,482.75
Cost Per Sq. Ft.:	\$5.86 - \$6.06	\$18.88 - \$19.48

* Using per unit fee charged for 4-unit condominium project at 65 Lovell Avenue.

Costs associated with the time it takes to go through development review and building permit processing can be even more significant. These costs are highly variable and are related to developer overhead, financing and start-up costs, as well as the length of the development review and permit processing period. It has been estimated that the time it takes to go through the review process, increases construction costs an average of 18 percent per year.

Single-family housing development applications generally take less time to review than multi-family proposals. When proposed single family developments are in conformity with the General Plan and existing zoning, it is possible to process the required applications within several months. New single- and multi-family development proposals are now both subject to Design Review. Major projects may also require EIR's, multiple public hearings and extensive local review. The total review time for multi-family projects, from the initial developer contact with the City to final approval, can take up to a year.

By encouraging developers to meet with neighborhood residents and allowing the combined processing of certain applications, such as Master Plans and Tentative Maps, the City has taken actions which reduce processing time and potential delay for residential projects. However, much of the remaining developable land in the City has significant environmental and land development constraints, such as access problems, visual prominence, steep slopes and geological problems, which require extensive review and analysis of proposed projects to assure appropriate site planning and design.

Another option which the City has to reduce the City fees on higher density projects would be to change the current "in-lieu" park fee standard, which is based on the fair market value of the property, to a more equitable fee. The current fee structure results in higher density projects paying significantly more on a per unit basis than lower density projects, because of the higher value of the property. This current fee structure may be a constraint to the development of affordable housing at higher densities and in appropriate locations, such as near downtown.

Policies in this General Plan establish a need for Design Review for all housing due to lot steepness and the comparative difficulties of developing remaining parcels in the City due to site characteristics. As a result, many sites require variances or other discretionary permits for approval. As a result, Design Review has helped expedite the approval process for many projects by providing a means to develop modified design solutions which have less impact and are more acceptable to the neighborhood, resulting in less controversy and fewer appeals.

The City has assisted affordable housing projects through expedited processing and waiving fees. The City has waived fees for affordable housing projects, such as 260 Camino Alto, and quickly processed the Pickleweed project. It should be noted as well that in-lieu fees are charged for second units which provide a significant source of affordable housing.

Federal Policy Constraints

Federal Policy affects the development of housing and most directly impacts the development of low income housing. The usefulness of Federal subsidy programs is limited by the amount of funding available. Federal policy for housing has changed from new construction programs to a greater emphasis on subsidies for existing housing. With the exception of the Section 202 (elderly and handicapped) Program, Federal money for new construction is very limited.

Utility Constraints

As indicated in the Public Services and Facilities section, in early April, 1989, when their total water commitments reached 34,900 acre feet per year, the Marin Municipal Water District imposed a moratorium on water connections for all new residential and commercial developments. This moratorium will remain in place until the Water District obtains an additional long-term water source. The Water District is currently evaluating various options for obtaining up to 14,000 acre feet per year of additional water capacity to serve future development. Obtaining this new long-term supply may take as long as five years.

Small amounts of water may be released during the moratorium as developments with water commitments don't proceed or water is made available through reclamation projects. 100 acre feet per year (equivalent to approximately 300 single family homes) has also been set aside for "public service" projects including City and non-profit

sponsored below market rate housing. Construction of those residential projects which did not obtain water commitments before the moratorium went into effect and do not obtain water released during the moratorium, may have to wait up to five years. In addition, because of the continued high demand for housing in Mill Valley and Southern Marin, the Water District moratorium will probably also tend to increase both the rate at which existing housing appreciates in value and the recent trend toward tearing down existing single family homes to obtain a lot (and a water meter) for the construction of new housing.

3.3 EXISTING AND FUTURE HOUSING NEEDS

The discussion in this section is more analytical in nature compared to the previous section because it is intended to provide a synthesis of the data and a basis for formulating the City's housing goal, objectives, policies and programs which are presented in Sections 3.4 and 3.5 of the Housing Element.

3.3.1 Future Growth

Between 1980 and the year 1995, Marin County's population is projected to increase by only 7.9 percent, to 240,350, with most of the growth occurring in the Novato area. The increase in population, increase in local jobs and a continuing decline in the average household size will continue to create a high demand and need for more housing units. The County's average household size has steadily declined from 3.4 persons per household in 1950 to 2.32 persons per household in 1988. As household size decreases, there is a need for proportionally more housing units to house the same or any additional population. Future projections for the County are shown below:

TABLE 3.23
MARIN COUNTY PROJECTIONS

	<u>1980</u>	<u>1990</u>	<u>1995</u>	<u>Percent Change 1980-1995</u>
Population	222,568	232,200	240,350	+7.9%
Households	88,723	98,320	102,420	+15.4%
Average Household Size	2.51	2.36	2.35	-6.5%
Jobs	76,502	100,100	114,700	+49.9%
Jobs to People Ratio	1:2.9	1:2.3	1:2.1	---

Source: ABAG, Projections '90, 1989.

The population in the Mill Valley Planning Area, which includes the unincorporated Almonte, Homestead Valley, Tamalpais Valley and Alto neighborhoods, as well as the City of Mill Valley, is expected to increase only 12 percent between 1980 and the year 1995 and is then projected to decrease by 200 persons by the year 2005. Projected

population, household and employment growth for the Mill Valley Planning Area is shown below.

TABLE 3.24
MILL VALLEY PLANNING AREA PROJECTIONS

	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>Percent Change 1980-1995</u>
Population	22,688	22,300	22,700	22,700	0
Households	9,595	9,830	10,290	10,380	+8.1%
Average Household Size	2.33	2.23	2.21	2.19	-6.0%
Jobs	5,336	6,100	6,600	6,900	+22.6%
Jobs to People Ratio	1:4.3	1:3.7	1:3.4	1:3.3	-----

Source: ABAG, Projections - '90, 1989.

The City's portion of the population and households in 1995 is projected to be approximately 60 percent of the total for the planning area. This assumes that Mill Valley will add approximately 175 additional units and reach about 54% of its post-1988 build-out and 97% of its total buildout by that time. Thus, as indicated in the following table, by the year 1995, it is projected that the portion of the planning area within the Mill Valley city limits will have a slightly higher population of about 13,683, a total of 6,347 housing units and 6,093 households. These projections are based on the assumptions that the average household size is expected to be 2.19 persons per household in the year 1995 and the vacancy rate will increase to about 4 percent.

TABLE 3.25
CITY OF MILL VALLEY POPULATION AND
HOUSING PROJECTIONS - 1988-1995

	<u>1988*</u>	<u>1995</u>	<u>% Change</u>
Total Units:	6,172	6,347**	+2.8%
% Vacant:	2.71	4.0	
Households (Occupied Units):	6,005	6,093	
Population/Household	2.17	2.19	
Household Population:	13,050	13,344	
Population in Group Quarters	339	339	
Total Population	13,389	13,683	+2.1%

* State Department of Finance, 1988.

** Assumes an average of 25 additional units per year or 175 additional units 1988-1995.

Implications: Future growth in population and jobs, both in Mill Valley and Marin County, as well as elsewhere, will continue to create a strong demand for housing. Some of the implications to consider include the following:

1. The match of types of jobs being created and the salaries or ability to pay for housing may continue to be disproportionate. About one-half of the jobs created in the County during the 1980's were lower paying jobs, which did not match the price of housing in the County.
2. The number of employed residents is expected to rise even faster than the number of jobs created. Thus, there will be a surplus of workers who will have to find jobs outside of the County.
3. The increasing demand for housing will continue to keep prices high. Housing for low and moderate income families, such as people who provide basic services will continue to be in short supply.

3.3.2 Declining Household Size

A significant trend toward smaller households has taken place over the last 18 years. The estimated average household size in Mill Valley has declined from 2.7 in 1970 to 2.17 in 1988. The countywide average in 1988 was 2.32 persons per household. Thus, while the number of housing units in the City increased by 1,388 units (29%) from 4,784 in 1970 to 6,172 in 1988, the population increased by only 441 people (3.4%) from 12,942 in 1970 to 13,389 in 1988. By comparison, Mill Valley's average household size was the fourth smallest of all the cities in the county.

The trend in smaller households is due to more single-person households, lower birth rate, more divorces and the increased longevity of elderly people. Single-person households increased 75 percent between 1970 and 1980 and as of 1980 comprised 32 percent of all households in the City. The number of married couples comprised 44 percent of the households in 1980.

Implications: The trend toward smaller households is expected to continue through 1995. The implications include the following:

1. Need for smaller units in new projects.
2. Need for more units to house the same population.

3.3.3 The Ability to Pay for Housing

The average sales price for a single family home in Mill Valley rose from \$127,935 in 1978 to \$413,000 in October 1988, a 225 percent increase over the ten-year period. Since single family homes currently comprise about 69 percent of the housing stock, this increase affects a substantial portion of the units available. In the County as a whole, the average price for a single family home was \$318,000 in 1988. At the time of the 1980 census, the median home value in the City was \$183,400, compared to \$151,000 in the County as a whole. In 1980, the median home value in Mill Valley was 21% higher than that for the County. In 1988, the average sales price was 30% higher than the County average.

Rents in Mill Valley were higher than the County in general. Median rents in 1980, meaning half were greater and half were less, were \$396 in Mill Valley and \$348 in the County as a whole. The April, 1984 Multiple Listing Service for rentals of all types of units indicated a median rent for one-bedroom units of \$650; two-bedroom units \$850; three-bedroom units \$1,200; and four-bedroom units \$1,350. The lowest rents for one-bedroom units ranged from \$375 to \$475. April, 1984 listings in the Independent Journal for condominium, apartment and duplex rentals indicated a median rent of \$573 for one-bedroom units and \$813 for two-bedroom units. In comparison, similar December 1988 listings in the Independent Journal indicated a median rent of \$730 for one-bedroom units and \$875 for two-bedroom units.

The impact of increasing housing prices and rents is most severe on households with lower incomes. According to the 1980 census, 33 percent of the City's households paid more than 25 percent of their income on housing - with 20 percent paying more than 35 percent. The following charts break down this overpayment need by income category (low income is less than 80 percent of median income, while moderate income is 80 to 120 percent of median income).

TABLE 3.26
1980 MILL VALLEY RENTER HOUSEHOLDS
PAYING MORE THAN 25 PERCENT OF INCOME

	<u>Number</u>	<u>Percent of All Households who Rent</u>
Low Income		
less than 5,000	166	8.1%
5,000-10,000	324	15.7%
10,000-15,000	299	14.5%
Moderate Income		
15,000-20,000	119	5.8%
20,000	157	7.6%
Total	1,065	51.7%

TABLE 3.27
1980 MILL VALLEY OWNER HOUSEHOLDS
PAYING MORE THAN 25 PERCENT OF INCOME

	<u>Number</u>	<u>Percent of All Households who Own</u>
Low Income		
less than 5,000	89	2.6%
5,000-10,000	77	2.2%
10,000-15,000	84	2.4%
Moderate Income		
15,000-20,000	116	3.3%
20,000+	391	11.4%
Total	757	22.0%

Source: 1980 U. S. Census

The following chart compares affordability for rental and sales housing based on various income levels and family sizes. Moderate income is defined as 80 to 120 percent of median income; low as 50 to 80 percent of median, and very low as less than 50 percent of median. The income levels are from the 1988 Marin County Income Limit Schedule based on the Bay Area median income.

TABLE 3.28
INCOME AFFORDABILITY ANALYSIS

Rental Housing

<u>Household Size</u>	<u>Gross Annual Income</u>	<u>Percent of Median</u>	<u>Rent @ 30 % of Income</u>	<u>Unit Type</u>
2	\$34,000	100%	\$850	1-2 BR
4	\$42,500	100%	\$1063	2-3 BR
2	\$27,200	80%	\$680	1-2 BR
4	\$34,000	80%	\$850	2-3 BR
2	\$17,000	50%	\$425	1-2 BR
4	\$21,250	50%	\$531	2-4 BR

Home Purchase*

<u>Household Size</u>	<u>Gross Annual Income</u>	<u>Percent of Median</u>	<u>Maximum Sales Price</u>	<u>Unit Type</u>
2	\$34,000	100%	\$ 89,667	1-2 BR
4	\$42,500	100%	\$112,056	2-3 BR
2	\$27,200	80%	\$ 71,278	1-2 BR
4	\$34,000	80%	\$ 89,667	2-3 BR
2	\$17,000	50%	\$ 44,822	1-2 BR
4	\$21,250	50%	\$ 56,089	2-3 BR

***Assumptions:**

Interest Rate: 10% - Fixed
Term: 30 years
Principal and Interest: 25% of gross income
Down Payment: 10%

Source: Based on 1988 Marin County Housing Authority Income Limit Schedule.

Implications: Due to high housing prices and interest rates, low and moderate income families have difficulty purchasing a home. In fact, because of the escalation in housing costs, many long-term Mill Valley homeowners could not afford to buy or rent a home in Mill Valley if they were moving into the community today. Some of the implications of increasing home prices include:

1. As home prices increase, there are usually corresponding increases in rents.
2. When a home owned by a low or moderate income family is sold, it is usually sold to a family with a relatively higher income - with the unit being lost as "affordable" housing.
3. Shared rentals can inflate rental rates and create traffic and parking impacts in the neighborhood.
4. Affordable housing for young families, single-parent households, the elderly (especially those on fixed incomes) and public service employees becomes more difficult to find.
5. As demand for housing increases, the vacancy rate decreases. In 1988, the City's estimated vacancy rate was 2.71 percent, which is relatively low compared to other Marin cities. A vacancy rate of 4.5 to 5.0 percent is considered "healthy". A vacancy rate of 4% was assumed for the 1995 population projections.
6. When the vacancy rate is low, housing also tends to become overcrowded and/or more expensive. In 1980, less than 2 percent of the housing units in Mill Valley were overcrowded (having more than one person per room), which is low.
7. Rental housing, especially through existing rental subsidy programs, is an effective way to provide affordable housing.
8. The difficulty in providing affordable units, especially on sites with environmental constraints.

3.3.4 Rehabilitation Housing Needs

Mill Valley's housing stock is generally in good condition, although it is much older than that of Marin County as a whole. According to the 1980 Census, 28 percent of Mill Valley's housing was constructed before 1940. Only 0.5 percent of the City's housing stock lacks plumbing facilities. Countywide, the figure is 0.8 percent.

There have been no housing condition surveys in the City since 1971, when a County survey of the stock found 15.5 percent of the units to be "substandard", the highest percentage of any community in Marin. Since demand for housing has remained strong, it is expected that the market has accomplished much rehabilitation on its own.

The most current information on housing stock conditions comes from the 1988 Housing Assistance Plan (HAP) written by the Marin County Planning Department. The HAP indicated that there were 2,052 substandard units in need of repair or replacement in all of Marin County. Because Mill Valley comprises 6% of the total housing units in the County, it could be estimated that 123 substandard units are located in Mill Valley, which is less than 2% of the total housing stock in the City. A general review of neighborhoods in Mill Valley by the Planning staff indicates that few houses are in need of repair. As stated above, this is due to the high market value of existing housing.

Some low and moderate income homeowners in the City may find it prohibitively expensive to finance the periodic maintenance of their homes. These homeowners may sell their homes if they cannot afford needed rehabilitation. While this would improve the condition of the housing stock, the original homeowners would probably be displaced.

Implications: Continued City support and publicizing of available rehabilitation programs is the best way is to provide funds for low and moderate income homeowners. The City's presale inspection program is also effective in identifying problems. Most of the less affluent homeowners in Mill Valley are ineligible for the rehabilitation programs that are currently available. The development of a program which provides subsidized financing to moderate income homeowners would assist in the retention of community diversity in Mill Valley.

3.3.5 Female-Head of Households

In 1980, about 30 percent of Mill Valley's households are headed by women. Of those households with children under 18, almost 25 percent (406 households) were headed by a single mother. Both of these figures increased substantially since 1970.

Implications: Women in the housing market, especially the elderly, low- and moderate-income and single-parents face significant difficulties when they have to find housing. According to the County's Commission on the Status of Women, this has several implications:

1. Both owner and rental units are extremely expensive relative to low incomes earned by most women.
2. Some landlords have discriminated against women with children.
3. Elderly women are often "trapped" in a house that is more than adequate for their needs.

3.3.6 Handicapped Housing

According to the Marin Center for Independent Living, which is a resource and referral service for handicapped people, there is a considerable waiting list for handicapped housing. Persons with work disability in Mill Valley totalled 457 or 3.5 percent of the population in 1980. Sixty percent of those disabled are in the work force. About 2.5 percent of the population had a transportation disability in 1980. Data on the number of physically handicapped who are inadequately housed in Mill Valley is unavailable.

Implications: The hilly terrain of many of the residential areas places practical limitations on residential opportunities for many mobility-handicapped persons. Flat sites where curb cuts and building access can be provided are ideal locations. Based on available data, about 4 percent of the City's units should be provided for the physically disabled. 26 units for the physically disabled were provided in the EAH 260 Camino Alto project and 10 units of housing for developmentally disabled residents have recently been constructed at 60 Camino Alto.

3.3.7 Housing for Large Families

There were 330 families with five or more persons in Mill Valley in 1980, which represents 6.0 percent of all households. Since 1970, the number of large families has declined by 54 percent. Of the 2,631 units in Mill Valley in 1980 with three or more bedrooms, 438, or 15 percent, were renter-occupied, which make up 20 percent of the total rental housing stock. Most of these are single family homes which are expensive to rent. A countywide analysis by the Federal Department of Housing and Urban Development found that 31 percent of the large families who rent have incomes that would qualify them for federal assistance.

Implications: There is a need, therefore, for affordable rental units for large families (units with three more bedrooms). Except for Pickleweed and Shelter Hill, the other subsidized rental units in projects in the City are for elderly or handicapped. Other than new projects, the only programs for families are Section 8 and RMR rental assistance.

3.3.8 Elderly Housing

The City has a higher proportion of residents over 65 years of age than countywide. However, the elderly population in the City is not increasing as rapidly as the county as a whole. Over 15 percent of the rental units in Mill Valley in 1980 had at least one person over 65 years of age. About three-fourths of the households with elderly residents are owner-occupied. About 30 percent of the residents over 65 live alone.

Implications: Mill Valley's elderly comprise 20 percent of all occupied units in the City. The increasing longevity of elderly people and the general aging of the population in Marin County and in Mill Valley will place increasing demands on the general and special housing needs of the elderly. These needs will include:

1. Need for more affordable housing for the elderly on fixed incomes (Countywide 45 percent of all elderly households are eligible for federal assistance because their incomes are less than \$15,000 per year).
2. The problem of being "trapped" in a large house, due in part to Proposition 13 and increasing home prices for substitute smaller housing units.
3. Greater demand for specialized housing and housing services for the elderly, such as congregate housing.

3.3.9 Housing for the Homeless

Housing Element law has been amended over the last several years to require analysis of special housing groups to include homeless individuals and families. The law also requires localities to identify sites suitable for emergency shelters and transitional housing. The analysis is required to contain a needs assessment of shelter for the homeless and a program to meet those needs. HCD guidelines identify a satisfactory analysis as including the following:

1. An estimate or count of the daily average number of persons and families in the locality lacking permanent shelter (to include additional data regarding their characteristics and special needs wherever possible).
2. A count of the number and type of shelter beds, hotel/motel vouchers and units of transitional housing currently available to the locality.
3. An estimate of the number of additional shelter beds, shelters and traditional housing units needed by type.

Additionally, each locality is required to identify adequate sites to facilitate development of emergency shelters and transitional housing to meet any unmet need. Local governments have the option of designating physical sites for these uses (with verified owner approval of the use and other information), or may alternatively satisfy this requirement through a zoning strategy to facilitate development of emergency shelters and transitional housing.

Obtaining an accurate estimate of the homeless population is difficult. Limited statistics have been kept by agencies serving the homeless. Additionally, there are homeless individuals who are not receiving assistance and who remain "hidden". Finally, the homeless "count" is constantly changing as individuals find temporary or permanent housing relief. Countywide estimates of the number of homeless people in the county range from 300 to 2,000. Based on the current City to total population ratio, Mill Valley's share of the County's homeless population could be estimated to be 5.6%. Assuming this ratio, Mill Valley's share of the regional homeless population would range from 17 to 116 people. However, discussions with the Police Department and other knowledgeable sources, indicate there are in fact few, if any, homeless in Mill Valley.

A Countywide Homeless Working Group is currently working on the longterm needs of the homeless within Marin County. The primary recommendations of the Working Group, as of March, 1990, include: (1) establishment of year-round permanent facilities dispersed throughout the county; (2) establishment or expansion of "drop-in" centers with case management and service referral programs; and (3) establishment of a permanent committee on the homeless.

Implications: The City of Mill Valley presently has no shelters which serve the homeless, although the Methodist Church on Camino Alto was used as a homeless shelter when there was a rotating church program. Based on the current best estimate of the local homeless population, the County as a whole has unmet need for emergency shelter for the homeless. Whether it would be appropriate to disperse shelters throughout the County to meet this need is an issue for further consideration. It may be more appropriate to concentrate facilities and services to provide easier access for the homeless population in the County.

The City's Zoning Ordinance does not establish impediments for construction of emergency shelters. The City would apply normal standards for emergency shelters as conditions of approval to a Use Permit addressing a variety of issues related to exterior design such as landscaping, lighting and parking, interior features such as safes, laundry and shower facilities, house rules or shelter operation, etc.

3.3.10 Potential Termination of Subsidies

According to a report prepared for the California Housing Partnership by the California Coalition for Rural Housing Project, over the next 20 years, close to 655 Federally subsidized housing units in Marin County will be subject to conversion to market rate rents through prepayment of Federally subsidized mortgages and rent subsidies. Without this assistance, those units owned by profit-motivated individual or partnerships could be lost as part of the affordable housing stock. The U. S. Congress is currently debating strategies for addressing this issue.

The following two projects located in Mill Valley are potentially subject to termination of Federal mortgage and/or rent subsidies:

Shelter Hill Apartments: 75 units, 57 of which also include Section 8 certificates to reduce rents even further. The earliest date for prepayment of the FHA loan is September, 1997. The earliest date for termination of Section 8 certificates is June, 1993, although they can be renewed for an additional five years. Shelter Hill is in need of substantial rehabilitation.

Redwoods 2: 150 units, 60 of which also include Section 8 certificates to reduce rents even further. The earliest date for prepayment of the FHA loan is September, 1977. The earliest date for termination of Section 8 certificates is June, 1993, although they can be renewed for an additional five years. The Redwoods is owned by a non-profit group sponsored by Mill Valley Community Church.

Implications: According to the County's Community Development Block Grant office, the City has played an important and financial role in the Shelter Hill project negotiations by providing technical assistance and bringing the parties together to seek ways to rehabilitate the project and maintain the units at affordable levels - for example, one possibility being explored is non-profit ownership of the project.

According to the California Housing Partnership, possible actions a city can take include: (1) involvement in the negotiations between the owner and HUD; (2) assistance in funding non-profit acquisition; and, (3) establishment of requirements for relocation assistance or rent control.

The City's Inclusionary Housing Ordinance provides resale controls to keep the inclusionary units at prices affordable to moderate income households.

3.3.11 ABAG Housing Need Determinations

The Association of Bay Area Governments (ABAG) has produced projected housing need figures for Marin County and the Mill Valley Planning Area between 1988 and 1995 for various income categories. The figures are based on market demand, employment opportunities, land availability, commuting patterns, type and tenure of housing and a more "healthy" vacancy rate of 4.5 percent. The chart below summarizes ABAG's housing needs figures.

TABLE 3.29
1988-1995 PROJECTED HOUSING NEED
AS DETERMINED BY ABAG

Marin County

<u>Type of Need</u>	<u>Projected Need</u>	
	<u>Number</u>	<u>Percent of Total</u>
By Income Category:		
Very Low	2,004	19%
Low	1,567	15%
Moderate	2,082	20%
Above Moderate	4,836	46%
Total	10,489	100%

Mill Valley Planning Area

<u>Type of Need</u>	<u>Number</u>	<u>Projected Need</u>	<u>Percent of County</u>
		<u>Percent of Total</u>	
By Income Category:			
Very Low	28	19%	1.3%
Low	22	15%	1.4%
Moderate	28	19%	1.3%
Above Moderate	71	47%	1.4%
Total	149	100%	1.4%

Definitions:

Very Low Income - Less than 50% of median income
 Low Income - 50-80% of median income
 Moderate Income - 80-120% of income
 Above Moderate Income - 120% or more of median income.

The General Plan anticipates no significant annexations prior to 1995. As a result, it is anticipated that approximately 45% of the new units through this time period will develop under the jurisdiction of Marin County in the unincorporated portion of the Mill Valley Planning Area. The table below shows the number of units anticipated in the entire Planning Area compared to the ABAG Housing Needs:

TABLE 3.30
TOTAL ANTICIPATED DEVELOPMENT
IN THE MILL VALLEY PLANNING AREA
1988-1995

1988 - 1995 Anticipated Development Potential

in Mill Valley	175 units*
in Unincorporated Area	140 units**
Total	315 units

ABAG Housing Need Determinations

1988 - 1990:	21 units
1990-1995:	128 units
Total	149 units

Anticipated units in relation to ABAG need: 211%

- * Assumes average of 25 additional units per year
- ** Assumes average of 20 additional units per year

Implications: The City's Housing Objectives, described in the next section of the Housing Element, relate the City's housing programs to the ABAG regional housing need determinations for various income groups. However, it is important to note that even with the significant reduction in density that recently occurred on the former RP (now RSP-RMP) zoned parcels, the total new housing need (21 units between 1988 and 1990 and an additional 128 units between 1990 and 1995) for the entire Mill Valley Planning Area can not only be adequately met, but will likely be greatly exceeded. In spite of the limited funding sources for low and moderate income housing, it appears that the housing need for low, and moderate income households can also be met.

3.4 HOUSING GOAL AND OBJECTIVES

This Housing Element proposes at least partial solutions to some of the housing needs and problems facing the community - while at the same time intending to protect Mill Valley's small-town character and appearance, its environmental qualities, its sense of community and its historic heritage.

The Housing Element's intent with respect to housing needs in Mill Valley is expressed in two ways. The first is in the form of a goal and objectives sought by the community. A Goal is the ideal we strive for - the desired state of things. Objectives are defined steps toward a goal, which measure progress and should be expressed in quantified terms or targets. State law requires that the City's housing objectives establish the maximum number of housing units that can be constructed, rehabilitated or conserved over the next 7 years. The second, and more specific aspects of the Housing Element, are policy statements and implementation programs. These describe the way citizens and local government can achieve objectives, and move closer to the goal. Policies establish a recognized community position on a particular subject. Programs are more detailed actions that the City, or other specific entities, intend to implement to ensure the attainment of the Housing Element's goal and objectives.

3.4.1 Housing Goal

The City's housing goal is to provide for balanced residential growth and at least our share of the region's affordable housing while:

- o maintaining diversity in the price and type of housing available within the community;
- o promoting the development and retention of housing affordable to low and moderate income families;
- o promoting means enabling existing residents to preserve and improve their homes, particularly those of historical significance;
- o promoting development in areas where it will not interfere with the quality of the natural and man made environment;
- o limiting development in areas where hazards to life and property exist;
- o generally maintaining the present scale of development in existing residential neighborhoods, while allowing the regulated creation of additional housing;
- o encouraging residential uses in commercial areas when appropriate; and
- o assuring non-discrimination in the local housing market, especially for families with children.

3.4.2 Housing Objectives

The following objectives set forth the City's housing effort for the seven-year period between 1988 and 1995:

- I. Construction of 175 new housing units in the City of all types and prices (this assumes an average of approximately 25 additional units per year), including:
 - a. 10 low income developmentally disabled units.
 - b. 30 new low and moderate income family rental apartments in another Pickleweed type City sponsored housing project.
 - c. 35 second units.
(average of 5 additional units per year).
 - d. 20 additional multi-family infill units.
(average of 3 additional units per year)
 - e. 40 additional single family infill units.
(average of 7 additional units per year)

- f. 40 residential units on the former RP (now RSP-RMP) zoned parcels.
(average of 7 additional units per year)
2. New residential construction should meet some of the special housing needs within Mill Valley. Of the 175 units created through new construction, the following should be provided. (These estimates are based on the proportion these special need groups comprised of the 1980 population in the City).
 - a. 7 units accessible to the physically handicapped (4 percent of total).
 - b. 26 units available for the elderly (15 percent).
 - c. 44 new units for families with children (25 percent) with 9 of those (5 percent of total) for large families - i.e., units with 3 or more bedrooms)
3. The City is also desirous of trying to slightly shift back to the historic balance of housing types and tenure. The following mix of the 210 new units is desirable:
 - a. 58 multiple family and second units (33%)
117 single family units (67%)
 - b. 105 owner-occupied units (60%) (including 13 new condominiums)
70 renter-occupied units (40%)
4. The City is desirous of maintaining and conserving the existing affordable housing stock. The following are rehabilitation and housing objectives:
 - a. Rental assistance program subsidies for approximately 50 households per year.
 - b. Low income rehabilitation loans provided for 20 units.
 - c. Legalized second units providing 100 additional units.
 - d. Energy conservation improvements provided to 25 low income units.

The following chart compares the City's housing objectives to the ABAG Regional Housing Need Determination and also describes the programs through which the objectives are to be met. Generally, the objectives are derived from the detailed buildout potential study contained in the Land Use Section and review of historic construction trends and the availability of programs to meet special housing needs. For further information, see the assumptions for each program in the next section (Section 3.5) and the discussion of housing needs and issues in the previous section (Section 3.3).

In summary, it is expected that the number of additional residential units which will likely be built within the Mill Valley Planning Area, as shown below, will provide 211% of the total regional housing need between 1988 and 1995. In fact, between 1988-1995, the projected development of 175 units in the City alone is expected to be sufficient to meet the ABAG Housing Need target of 149 units for the entire Planning Area. Programs to provide very low and low income housing will fall somewhat short of the housing need due to the limited funding available to make units affordable at these levels. Very low income programs are expected to provide 18 units (64% of the 28 unit

need). Programs to provide low income housing are expected to provide 20 units (91% of the 22 unit need) and programs to provide moderate income housing are expected to provide 53 units (189% of the 28 unit need).

TABLE 3.31
COMPARISON OF CITY OF MILL VALLEY HOUSING OBJECTIVES AND
PROGRAM TARGETS WITH ABAG'S REGIONAL HOUSING NEED DETERMINATIONS
1988 - 1995

Very Low Income-Households

1.	ABAG 1988-1995 need:	28 units
2.	Housing Element Programs within City 1988-1995:	
	• City sponsored BMR family rental project	5 units
	• Miscellaneous Government Programs	3 units
	• Camino Alto Developmentally Disabled Project	<u>10 units</u>
	Total within City of Mill Valley:	18 units
3.	Housing Programs in the Unincorporated Area Under County Jurisdiction 1988-1995:	
	• None	<u>0 units</u>
	Total within County Jurisdiction:	<u>0 units</u>
4.	Total Units Expected: (Percent of ABAG Need):	18 units (64%)

Low Income Households

1.	ABAG 1988-1995 need:	22 units
2.	Housing Element Programs within City 1988-1995:	
	• City sponsored BMR family rental project	15 units
	• Rental Assistance Programs (additional)	<u>5 units</u>
	Total within the City of Mill Valley:	20 units
3.	Housing Programs in the Unincorporated Area Under County Jurisdiction 1988-1995:	
	• None	<u>0 units</u>
	Total within County Jurisdiction:	<u>0 units</u>
4.	Total Units Expected: (Percent of ABAG Need):	20 units (91%)

Moderate Income Households

1.	ABAG 1988-1995 Need:	28 units
2.	Housing Element Programs within City 1988-1995:	
	• City sponsored BMR family rental project	10 units
	• Inclusionary Housing	1 unit
	• Miscellaneous Government Program	5 units
	• Second Units	20 units
	• Mixed use/multi-family infill	<u>5 units</u>
	Total within the City of Mill Valley:	41 units
3.	Housing Programs in the Unincorporated Area Under County Jurisdiction 1988-1995:	
	• Inclusionary Housing	5 units
	• Second Units	<u>7 units</u>
	Total within County Jurisdiction:	<u>12 units</u>
4.	Total Units Expected: (Percent of ABAG Need):	53 units (189%)

Above Moderate Income Households

1.	ABAG 1988-1995 need:	71 units
2.	Housing Element Programs within City 1988-1995:	
	• Mixed Use/Multi-Family Infill	15 units
	• Second Units	15 units
	• Miscellaneous Construction	<u>61 units</u>
	Total within the City of Mill Valley:	91 units
3.	Housing Programs in the Unincorporated Area Under County Jurisdiction 1988-1995:	
	• Second Units	6 units
	• Miscellaneous Construction	<u>122 units</u>
	Total within County Jurisdiction:	<u>128 units</u>
4.	Total Units Expected: (Percent of ABAG Need):	219 units (308%)

Total Housing Need for the Planning Area

1.	ABAG 1988-1995 need:	149 units
2.	Average additional units per year expected:	45 units
3.	Total Units Expected: (Percent of ABAG Need):	315 units (211%)

3.5 HOUSING POLICIES AND PROGRAMS

PROVIDING FOR BALANCED RESIDENTIAL GROWTH AND AT LEAST OUR SHARE OF THE REGION'S AFFORDABLE HOUSING

Policy H-1: The City shall encourage the construction of new housing units of all types and prices in order to meet our regional housing needs and achieve the City's housing goal and objectives consistent with the General Plan and other City policies.

Program H-1-1: The City will continue to review and process development applications to provide new housing through private, non-profit and public agency construction of new housing.

Responsible Agency: City of Mill Valley

Time Frame and Target: 175 additional units by 1995

(Assumptions: Between 1970 and 1984, an average of 85 units were built per year. Between 1984 and 1988, an average of 103 units per year were added. Because of the limited land remaining for development and the Water District moratorium described in Section 2.6 of this Plan, the Housing Element assumes the addition of an average of 25 units per year between 1988 and 1995. Except for second units, most of the market rate units would be available for above moderate income families).

Program H-1-2: The City will make the following ordinance changes intended to reduce potential governmental constraints to the provision of affordable housing:

1. Reduce the standard for park land dedication from the current basis of 2.77 persons per unit to 2.13 persons per unit.
2. If allowed by the Quimby Act, restructure the park land dedication fee to make it more equitable for relatively higher density infill projects.
3. Where appropriate, allow combined processing of Master Plans, Development Plans and Tentative Subdivision Maps.

Responsible Agency: City of Mill Valley

Time Frame: Consider ordinance changes by January, 1991.

MAINTAINING DIVERSITY IN THE PRICE AND TYPE OF HOUSING AVAILABLE
WITHIN THE COMMUNITY

Policy H-2: The City shall require developers of new housing developments with 2 or more units or lots to provide a percentage of the units affordable to low and/or moderate income households or pay in-lieu fees to the City housing fund to assist in the development of low and moderate income housing.

Program H-2-1: The City will apply the following inclusionary housing requirements to new development:

o Inclusionary Unit Requirements for Rental Residential Developments of Ten or More Dwelling Units.

In rental residential projects of ten or more dwelling units with a gross density of less than seven units per acre, ten percent of the units shall be inclusionary rental units affordable by moderate income households. In rental projects of ten or more dwelling units with a gross density of seven or more units per acre, 15 percent of the units shall be inclusionary rental units affordable by moderate income households.

o Inclusionary Unit Requirements for Ownership Residential Developments of Ten or More Dwelling Units or Lots with A Gross Density of Greater Than One Unit Per Acre.

In ownership residential projects of ten or more dwelling units or lots with a gross density greater than one and less than seven units or lots per acre, ten percent of the units shall be inclusionary units sold at prices affordable by moderate income households (earning 100% of median income). In ownership residential projects of ten or more units with a gross density of seven or more units per acre, 15 percent of the units shall be inclusionary units sold at prices affordable by moderate income households (earning 100% of median income).

o In-lieu Participation Fee Requirement for Residential Developments of Two to Nine Dwelling Units or Lots and Those with A Gross Density of Less Than One Unit Per Acre.

Projects of two to nine residential units or lots and those with a gross density of less than one unit per acre shall contribute an in-lieu participation fee to the City housing fund. These in-lieu fees shall be used by the City or its designee such as a non-profit housing development corporation for the purpose of developing affordable housing for low or moderate income households in the City.

In-lieu participation fee for the second residential unit or lot and each residential unit or lot thereafter shall be calculated as follows:

1. Second residential units and other residential units with a gross enclosed floor area of 700 sq. ft. or less: Exempt from in-lieu fee.
2. Residential units with a gross enclosed floor area of 701 to 1,000 sq. ft.: 5% of the current inclusionary subsidy differential established by the City.

3. Residential units with a gross enclosed floor area of 1,001 to 1,500 sq. ft.: 8% of the current inclusionary subsidy differential established by the City.
4. Residential units with gross enclosed floor area greater than 1,500 sq. ft. or new residential lots: 11% of the current inclusionary subsidy differential established by the City.

The inclusionary subsidy differential is the difference between what a moderate income family (earning one hundred percent of median income) can afford to pay for housing and the estimated total cost of a new unit of appropriate size, as determined by the City. The inclusionary subsidy differential shall be calculated and adjusted annually by the Director of Planning and Building.

Responsible Agency: City of Mill Valley

Time Frame and Target: 1 new inclusionary unit by 1995 and a City-sponsored project of 30 low and moderate income family rental units by 1992.

Policy H-3: The City shall encourage the construction of smaller, preferably rental housing units to provide a housing alternative to the predominately large, single-family detached homes currently being built.

Program H-3-1: The City will amend the Municipal Code to create new multi-family zoning districts which relate the number of residential units to their size and permit a greater number of relatively smaller units or a less number of larger units as described in the Land Use section.

Responsible Agency: City of Mill Valley

Time Frame: Creation of new zoning districts by July, 1990.

Program H-3-2: The City will consider amending the Municipal Code to revise the City parking standards to require less parking for smaller units (studio, 1 bedroom) than that required for larger homes (5 bedrooms) as is currently the case.

Responsible Agency: City of Mill Valley

Time Frame: Consider ordinance changes by January, 1991.

Policy H-4: The City shall continue to recognize manufactured housing as a viable housing type and shall not preclude the installation of manufactured housing on permanent foundations subject to the same design considerations which apply to site built housing.

Program H-4-1: The City will continue to allow manufactured housing on permanent foundations.

Responsible Agency: City of Mill Valley

Time Frame and Target: 1 unit by 1995.

(Assumptions: No proposals for manufactured housing have been received to date and, because of the high land values within the community, few are expected.)

PROMOTING THE DEVELOPMENT AND RETENTION OF HOUSING AFFORDABLE TO LOW AND MODERATE INCOME FAMILIES

Policy H-5: In a cooperative public and private effort, the City shall encourage developers (both for profit and non-profit) to utilize available government programs and funding from other sources for development of low-and-moderate income housing.

Program H-5-1: The City will continue to work with the Marin County Housing Authority, other government agencies, the Marin Community Foundation, and non-profit housing corporations such as Marin Ecumenical Association for Housing and B.R.I.D.G.E. to encourage the use of state and federal housing program funds and other funds. The potential funding sources include the following:

- o Section 202 loans to finance rental and cooperative housing projects for the elderly or physically handicapped.
- o Community Development Block Grants for low-income households.
- o Marin Community Foundation.

Responsible Agency: City of Mill Valley.

Time Frame and Target: 10 very low-income and 5 low-income units by 1995.

Policy H-6: The City shall encourage the development of new low and moderate income rental housing.

Program H-6-1: Using the City's Article 34 authority, the City will develop another small-scale low and moderate income rental housing project similar to Pickleweed on a surplus school site or sites or other location.

Responsible Agency: City of Mill Valley

Time Frame and Target: 30 low and moderate income family rental units by 1992. (Assumptions: Assumes successful negotiations with the Mill Valley School District for acquisition or long-term lease of a site or sites or alternative sites such as the Dill and Sederberg property, and obtaining adequate funds through Community Development Block Grants, "in-lieu" fees and the Marin Community Foundation.)

Program H-6-2: The City will work with the Housing Authority or non-profit groups to develop low-income rental housing projects by providing technical assistance, waiving fees, providing expedited processing and other means as appropriate. Opportunities will be encouraged on an ongoing basis.

Responsible Agencies: City of Mill Valley; Housing Authority; non-profit housing sponsors.

Target: 5 low-income rental units.

(Assumptions: Assumes the availability of funding, and an appropriate site).

Policy H-7: The City shall facilitate processing and encourage development of affordable housing which meets special housing needs in the community.

Program H-7-1: The City will amend the Municipal Code to establish a special multi-family residential zoning classification to give the City the option of allowing small, special need (i.e., handicapped, elderly) multiple family units at a greater density than that allowed in the new "Lower Density Multi-Family" and "Higher Density Multi-Family" zoning districts described in the Land Use section.

Responsible Agency: City of Mill Valley

Time Frame: Consider ordinance changes by January, 1991.

Program H-7-2: In order to reduce the permit processing time, the City will continue "fast-track" processing of applications for low and moderate income housing.

Responsible Agency: City of Mill Valley

Target: Reduce cost/price of below market rate housing units.

(Assumptions: Assumes that the project does not have significant environmental, safety or design constraints.)

Policy H-8: In order to retain its existing stock of affordable rental housing, the City shall strongly discourage conversion of existing multiple family rental units to condominiums unless there is a clear public benefit.

Program H-8-1: The City will continue to implement the Condominium Conversion Ordinance.

Responsible Agency: City of Mill Valley

Time Frame: Ongoing

Program H-8-2: The City will consider amending the Municipal Code to allow exceptions for limited equity cooperatives. Unlike "market-rate" cooperatives, a limited equity cooperative would place a limit on the increased share of the total value of the cooperative so that the "share" remains at an affordable level.

Responsible Agency: City of Mill Valley

Time Frame: Consider amendment by July, 1991.

Policy H-9: The City shall encourage and support rental subsidy programs which make existing rental units affordable to low income households and the physically handicapped.

Program H-9-1: The City shall continue to work with the Interfaith Housing Council, the Marin County Community Development Block Grant Program and the Marin Community Foundation to ensure that the Shelter Hill Apartment project (constructed under HUD Section 236) remains affordable to low and moderate income families.

Responsible Agency: City of Mill Valley; Marin County Community Development Block Grant Program; Marin Community Foundation and Interfaith Housing Council.

Target: To keep the 75 rental units affordable to low and moderate income families.

Program H-9-2: The City will support new Housing Authority proposals to the Marin Community Foundation for additional funds to continue the Rebate for Marin Renters (RMR) program and will continue to allocate at least the City's minimum local match from the General Fund.

Responsible Agency: City of Mill Valley; Housing Authority; Marin Community Foundation.

Time Frame and Target: 15 households provided assistance per year.
(Assumption: Continued funding from the Marin Community Foundation at about the previous level; Mill Valley's portion is adequate to currently help 16 families per year.)

Program H-9-3: The City will support continuation of the Section 8 Rental Assistance Program for low-income families.

Responsible Agency: Housing Authority

Target: 30 very low-income households (elderly, handicapped, and families) provided assistance per year.
(Assumption: The continuation of the program; in 1988, 31 households received assistance.)

Program H-9-4: The City will support continuation of Project Independence for the physically, mentally or developmentally disabled.

Responsible Agency: Housing Authority

Target: 2 households provided assistance per year.
(Assumption: Continued funding for the program; currently, Mill Valley has one household assisted.)

Program H-9-5: The City will support continuation of the HUD voucher program.

Responsible Agency: Housing Authority

Target: 5 households per year.
(Assumption: Continued funding of the program at about the current level. In 1988, Mill Valley had 7 household assisted through the program.)

PROMOTING MEANS ENABLING EXISTING RESIDENTS TO PRESERVE AND IMPROVE THEIR HOMES

Policy H-10: The City shall work with and encourage the Housing Authority and non-profit sponsors to acquire and, if necessary, rehabilitate selected smaller rental properties as a means of preserving existing affordable housing.

Program H-10-1: The City will continue to cooperate with the County Housing Authority in acquiring additional appropriate units as the opportunity arises.

Responsible Agencies: City of Mill Valley; County Housing Authority; non-profit sponsors.

Time Frame and Target: 5 units owned by the City, County Housing Authority and non-profit housing groups by 1995.
(Assumption: unit feasibility and funds for acquisition and subsidy).

Policy H-11: In a cooperative effort of the public and private sector, the City shall encourage the rehabilitation of older housing to preserve neighborhood character and to create safe, habitable dwelling units without significantly increasing costs to present low-and moderate-income residents.

Program H-11-1: The City will promote rehabilitation loan programs administered by the Housing Authority through increased public awareness (i.e. making pamphlets and other material available at City Hall, the library, etc.) and continue the City's presale inspection program.

Responsible Agency: Housing Authority

Time Frame and Target: 20 units rehabilitated by 1995.
(Assumption: Mill Valley residents historically have received 12 percent of the loans funded; Through 1988, 13 units had been provided assistance. The County generally funds about 30 loans per year.).

Program H-11-2: The City will continue to inspect all residential units prior to resale. The inspections indicate zoning violations and point out safety related matters to assure that the units are safe and conform to the building code.

Responsible Agency: City of Mill Valley

Time Frame and Target: 1,750 presale inspections by 1995.
(Assumption: Assumes a rate of about 250 units per year, which is approximately the average rate between 1982 and 1988.)

Policy H-12 The City shall discourage the conversion of existing residential units to other uses unless there is a clear public benefit or equivalent housing is being provided.

Program H-12-1: The City will revise the Municipal Code to remove offices as a conditionally permitted use in multi-family zoning districts.

Responsible Agency: City of Mill Valley

Time Frame and Target: July, 1990.

PROMOTING DEVELOPMENT IN AREAS WHERE IT DOES NOT INTERFERE WITH THE QUALITY OF THE NATURAL AND MAN-MADE ENVIRONMENT

Policy H-13: The City shall encourage relatively higher density development adjacent to the downtown and along lower Miller Avenue where such development will not create or exacerbate problems in the neighborhood. Single family detached housing should be developed on an infill basis and at lower densities in Blithedale Canyon, Middle Ridge, and Cascade Canyon and on the former RP properties.

Program H-13-1: The City will implement the policies of Land Use section and retain the existing pattern of multi-family land use adjacent to the downtown and along Miller and single-family land use in the neighborhoods.

Responsible Agency: City of Mill Valley

Time Frame and Target: 20 new multi-family units by 1995.

Policy H-14: Because of the lack of relatively large, flat and inexpensively developable land, if any school site or sites are determined to be surplus by the Mill Valley School District, they would provide a unique opportunity for the construction of affordable housing.

Program H-14-1: The City will continue working with the School District on an ongoing basis toward acquisition or long-term lease of a surplus school site or sites for development of B.M.R. housing.

Responsible Agency: City of Mill Valley

Time Frame and Target: Development of 30 low and moderate income family rental units on a surplus school site or sites by 1992.

LIMITING DEVELOPMENT IN AREAS WHERE HAZARDS TO LIFE AND PROPERTY EXIST

Policy H-15: The City shall continue to severely restrict development in those areas identified in the Public Health and Safety section of the General Plan as subject to high fire hazards, flooding, ground failure, and subsidence. Such areas include portions of the Cascade, Fern, Blithedale and Warner Canyons, and parts of the Mill Valley Bayfront area.

Program H-15-1: While reviewing residential projects, the City shall assure that new residential development is consistent with the policies in the Land Use and Public Health and Safety sections of the General Plan and shall require any additional information necessary to fully evaluate the impacts from development proposals as part of the environmental review of the projects.

Responsible Agency: City of Mill Valley.

Time Frame: Ongoing as development projects are reviewed.

GENERALLY MAINTAINING THE PRESENT SCALE OF DEVELOPMENT IN EXISTING RESIDENTIAL NEIGHBORHOODS WHILE ALLOWING THE REGULATED CREATION OF ADDITIONAL HOUSING

Policy H-16: New development in existing residential areas shall be of a scale and character complementary to that of the neighborhood in order to protect existing neighborhoods and prevent overbuilding of the property.

Program H-16-1: The City will amend the Municipal Code to incorporate the new "Adjusted Floor Area Ratio" height and setback standards described in the Land Use section which will apply to all new homes and all additions to residential buildings.

Responsible Agency: City of Mill Valley

Time Frame: Revision of zoning ordinance by April, 1990, implementation will then be ongoing.

Program H-16-2: Because the existing RM-1.5 zoning along Lovell Avenue, Corte Madera Avenue, and West Blithedale Avenue potentially allows higher density development (up to 29 units per acre) than is appropriate, given the small size of the parcels, scale of existing buildings in the neighborhood and the existing parking problems, the City will initiate hearings to revise the zoning to bring it into compliance with the policies in the multi-family density section of the Land Use section.

Responsible Agency: City of Mill Valley

Time Frame: April 1990 - One of highest priorities for General Plan/zoning consistency rezonings.

Policy H-17: New residential development shall be compatible with and complimentary to the design of existing buildings in the neighborhood.

Program H-17-1: In order to provide direction for applicants and criteria for use by the City in considering Design Review applications for residential developments, the City will utilize the design standards contained in the Land Use section during the review of proposed developments.

Responsible Agency: City of Mill Valley

Time Frame: Ongoing.

Policy H-18: Because many of the undeveloped properties can only be served by roads passing through existing residential neighborhoods, the development potential shall be limited to densities which will minimize impacts on existing neighborhoods. The densities specified in the Land Use section were determined to balance property rights and housing policies with the concerns of existing residents over increasing traffic.

Program H-18-1: The City will carefully restrict development as specified in the Land Use section.

Responsible Agency: City of Mill Valley

Time Frame: Ongoing.

Policy H-19 Because they provide smaller relatively more affordable housing, the City shall continue to encourage the construction of new second units and the legalization of existing second units where they will not aggravate or create neighborhood problems.

Program H-19-1: The City will continue to implement the intent of the Second Unit Ordinance while being flexible in reviewing Conditional Use Permits for illegal units.

Responsible Agency: City of Mill Valley

Time Frame and Target: 35 new second units and 100 legalized units by 1995. (Assumptions: 5 new units per year (which is lower than the historic average and higher than the rate between 1986 and 1988) and 15 legalized units per year.

Program H-19-2: The City will continue to schedule hearings before the Zoning Administrator on notices of intention to file a notice of violation for properties suspected to have second units in order to encourage owners of illegal units to upgrade them, provide additional parking and legalize them.

Responsible Agency: City of Mill Valley

Time Frame and Target: Approximately 120 notices per year in order to get through the complete list of illegal units by July, 1990.

ENCOURAGING RESIDENTIAL USES IN COMMERCIAL AREAS

Policy H-20: The City shall continue to encourage the development of residential uses along Lower Miller Avenue and in the Lytton Square/Town Center area.

Program H-20-1: The City will continue to implement this policy on a case-by-case basis in discussions with prospective applicants and develop more specific policies and implementation procedures/incentives particularly for the downtown area.

Responsible Agency: City of Mill Valley

Time Frame and Target: 20 new, multiple family units by 1995.

Program H-20-2: The City encourage mixed use projects in the downtown area to provide housing through incentives such as:

- a. Allowing an additional story for housing beyond that specified in the detailed Design Guidelines contained in the General Plan.
- b. Developing more flexible parking requirements to reflect peak period overlap for mixed use projects.
- c. Relating permitted residential density and parking requirements to unit size (i.e., allowing a greater number of smaller units or lesser number of larger units).

Responsible Agency: City of Mill Valley

Time Frame: Ongoing as development projects are reviewed.

ASSURING NON-DISCRIMINATION

Policy H-21: The City shall remain committed to provided housing opportunities for all people and will take appropriate actions to prevent housing discrimination in the local housing market.

Program H-21-1: The City will coordinate with public and non-profit agencies such as Landlord Tenant Mediation Services, Marin Center for Independent Living, Housing Authority, etc. to implement this policy. The City will concentrate on eliminating housing discrimination against families with children since this is the major housing discrimination problem in Marin County.

Responsible Agency: City of Mill Valley

Time Frame: Ongoing

3.6 SEVEN-YEAR ACTION PLAN

The summary below highlights specific implementing actions intended to achieve the goal and objectives of Mill Valley's Housing Element. In some cases, these are time referenced when a particular date can be established. Some are ongoing actions intended to be undertaken by the City. Other actions are intended to be undertaken by other public agencies or groups.

The unit targets, if any, are shown in parenthesis. It should be noted that many of these actions and targets are dependent on the availability of program funding, housing market conditions and other variables which are outside of the City's control.

TABLE 3.32
1988 - 1995 SEVEN-YEAR ACTION PLAN SUMMARY

<u>Action</u>	<u>Responsible Agency</u>	<u>Date (Target)</u>
GENERAL		
1. Amendment of Housing Element in response to HCD comments	City	Prior to July 1,1990
2. Complete next review and revision of the Housing Element	City	Prior to July 1,1995
PROVIDING FOR BALANCED RESIDENTIAL GROWTH AND AT LEAST OUR SHARE OF THE REGION'S AFFORDABLE HOUSING		
3. Processing new residential projects	City	On-going (175 new units by 1995)
4. Consider possible revisions to zoning ordinance regarding governmental constraints	City	January, 1991
MAINTAINING DIVERSITY IN THE PRICE AND TYPE OF HOUSING AVAILABILITY WITHIN THE COMMUNITY		
5. Inclusionary housing/in-lieu fees	City	On-going (1 new inclusionary unit by 1995 and 30 new BMR family rental units by 1992)

- | | | | |
|----|--|------|------------------------------|
| 6. | Consider revisions to zoning ordinance to encourage smaller units. | City | July, 1990 |
| 7. | Consider possible revisions to parking requirements for small units. | City | January, 1991 |
| 8. | Manufactured housing | City | On-going
(1 unit by 1995) |

PROMOTING THE DEVELOPMENT AND
RETENTION OF HOUSING AFFORDABLE
TO LOW AND MODERATE INCOME FAMILIES

- | | | | |
|-----|--|--|---|
| 9. | Government programs & other funding for new housing construction | City
Non-Profits
Other agencies | (10 very low and 5 moderate income units by 1995) |
| 10. | New affordable family rental housing project | City
Non-profits | (30 low-income family rental units by 1992) |
| 11. | Other low-income rental project(s) | City
Housing Authority
Non-Profit Sponsor | (5 low-income rental units) |
| 12. | Consider creation of "special needs" zoning district. | City | January, 1991 |
| 13. | "Fast-Track" processing of low- and moderate income projects. | City | On-going |
| 14. | Condominium conversion ordinance | City | On-going |
| 15. | Consider exempting limited equity cooperatives from condominium conversion requirements. | City | July, 1991 |
| 16. | Rebate for Marin Renters program | City Housing Authority
Marin Community Foundation | (25 low-income households per year) |
| 17. | Section 8 Rental Assistance | Housing Authority | (30 very low-income households per year) |

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|-----|----------------------|-------------------|------------------------------------|
| 18. | Project Independence | Housing Authority | (2 low-income households per year) |
| 19. | HUD Voucher Program | Housing Authority | (5 low-income households per year) |

PROMOTING MEANS ENABLING EXISTING
RESIDENTS TO PRESERVE AND IMPROVE THEIR HOMES

- | | | | |
|-----|--|--|--|
| 20. | Acquisition of existing housing. | City
Housing Authority
Non-profits | (5 rental units by 1995) |
| 21. | Residential rehabilitation loan program | Housing Authority | (20 low-income units rehabilitated by 1995) |
| 22. | Pre-sale inspections | City | On-going
(1,750 additional inspections by 1995) |
| 23. | Consider revision of zoning ordinance to remove offices as a permitted use in multi-family districts | City | July, 1990 |

PROMOTING DEVELOPMENT IN AREAS WHERE IT
WILL NOT INTERFERE WITH THE QUALITY
OF THE NATURAL AND MAN MADE ENVIRONMENT

- | | | | |
|-----|---|-------------------------------------|--|
| 24. | Relatively higher density downtown and above Miller | City | Ongoing,
(20 additional multi-family units by 1995) |
| 25. | Use of school site(s) for B.M.R. housing | City
Mill Valley School District | (30 new low and moderate income families rental units by 1992) |

LIMITING DEVELOPMENT IN AREAS WHERE
HAZARDS TO LIFE AND PROPERTY EXIST

- | | | | |
|-----|---|------|----------|
| 26. | Limiting development in hazardous areas | City | Ongoing. |
|-----|---|------|----------|

GENERALLY MAINTAINING THE PRESENT SCALE
OF DEVELOPMENT IN EXISTING RESIDENTIAL NEIGHBORHOODS
WHILE ALLOWING THE REGULATED CREATION OF ADDITIONAL HOUSING

- | | | | |
|-----|--|------|--|
| 27. | Revision of zoning ordinance to add "Adjusted Floor Area Ratio" standards to regulate scale of residential buildings | City | April, 1990 |
| 28. | Rezoning of RM areas to new "Higher Density Multi-Family" and "Lower Density Multi-Family" designations. | City | July, 1990 |
| 29. | Review of projects using design guidelines in Land Use section | City | Ongoing |
| 30. | Restricting development potential as called for in Land Use section to maintain acceptable levels of service | City | Ongoing |
| 31. | Reviewing applications for new second units and legalization of existing units | City | (Ongoing 35 new units and 100 legalized units by 1995) |
| 32. | Second Unit Notice of Violation hearings | City | Complete review of 250 existing units by July, 1990 |

ENCOURAGING RESIDENTIAL
USES IN COMMERCIAL AREAS

- | | | | |
|-----|---|------|--------------|
| 33. | Encouraging mixed use development in downtown area | City | Ongoing. |
| 34. | Revisions to zoning ordinance provisions for mixed use areas. | City | July 1, 1991 |

ASSURING NON-DISCRIMINATION

- | | | | |
|-----|--|------------------------|----------|
| 35. | Take appropriate actions as needed to eliminate discrimination | City
Other Agencies | Ongoing. |
|-----|--|------------------------|----------|

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